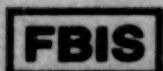


**JPRS 74918**

**14 January 1980**

# **West Europe Report**

**No. 1525**



**FOREIGN BROADCAST INFORMATION SERVICE**

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

<b>REPORT DOCUMENTATION PAGE</b>		1. REPORT NO. JPRS 74918	2.	3. Recipient's Accession No.
4. Title and Subtitle WEST EUROPE REPORT, No. 1525			5. Report Date 14 January 1980	
7. Author(s)			6.	
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201			8. Performing Organization Rept. No.	
12. Sponsoring Organization Name and Address  As above			10. Project/Task/Work Unit No.	
			11. Contract(C) or Grant(G) No. (C) (G)	
15. Supplementary Notes			13. Type of Report & Period Covered	
			14.	
16. Abstract (Limit: 200 words)  This serial report contains political/economic information on West European energy, finance and trade policy matters as well as developments and trends in the doctrine, programs and problems of the major communist parties, including their relations with communist parties outside the West European area. The report also contains information on Theater Nuclear Forces and elections to the European Parliament.				
17. Document Analysis a. Descriptors				
Political Science	<input checked="" type="checkbox"/> International Affairs	<input type="checkbox"/> Iceland		
Sociology	<input type="checkbox"/> Austria	<input checked="" type="checkbox"/> Italy		
Propaganda	<input type="checkbox"/> Belgium	<input type="checkbox"/> Luxembourg		
Economics	<input type="checkbox"/> Canada	<input checked="" type="checkbox"/> Netherlands		
Energy	<input type="checkbox"/> Cyprus	<input type="checkbox"/> Norway		
Industry	<input checked="" type="checkbox"/> Denmark	<input type="checkbox"/> Portugal		
Trade	<input checked="" type="checkbox"/> Federal Republic of	<input checked="" type="checkbox"/> Spain		
Finance	<input type="checkbox"/> Germany	<input type="checkbox"/> Sweden		
Theater Nuclear Forces	<input checked="" type="checkbox"/> Finland	<input type="checkbox"/> Switzerland		
	<input checked="" type="checkbox"/> France	<input type="checkbox"/> Turkey		
	<input checked="" type="checkbox"/> Greece	<input type="checkbox"/> United Kingdom		
b. Identifiers/Open Ended Terms				
c. COSATI Field/Group 5C, 5D, 10				
18. Availability Statement Unlimited Availability Sold by NTIS Springfield, Virginia 22161		19. Security Class (This Report) UNCLASSIFIED		21. No. of Pages 133
		20. Security Class (This Page) UNCLASSIFIED		22. Price

14 January 1980

## WEST EUROPE REPORT

No. 1525

## CONTENTS

PAGE

## THEATER NUCLEAR FORCES

## FRANCE

Objective of Brezhnev Proposals: 'Intimidate, Confuse West'	
(Kosta Christitch; LE POINT, 15-20 Oct 79).....	1
Top-Level Leaders Discuss Motives Behind Brezhnev Proposal	
(Georges Suffert, et al.; LE POINT, 15-21 Oct 79).....	3
SS 20 Deployment 'Deteriorates Political, Military Balance'	
(Editorial, Olivier Chevrillon; LE POINT, 15-21 Oct 79).....	9

## COUNTRY SECTION

## INTERNATIONAL AFFAIRS

Wide European Interest in Norway's North Sea Gas	
(Svenn R. Helskog; AFTENPOSTEN, 16 Nov 79).....	11
Final Communique on Finnish CP Delegation Visit to PCI	
(L'UNITA, 16 Dec 79) .....	13

## DENMARK

Krone Devaluation Comes on Eve of Economic Crisis Plan	
(BERLINGSKE TIDENDE, 30 Nov, 1 Dec 79).....	15
Strong Measures Must Follow, Editorial	
Politicians Comment on Move, by Lisbeth Knudsen	
Currency Already Returning, by Frank Dahlgaard	
Imitating Swedes, Norwegians, by Frank Dahlgaard	



# CONTENTS (Continued)

Page

Cabinet First Wanted Larger Drop, by Frank  
Dahlgaard  
Central Bank Director Comments, by Frank Dahlgaard

Armed Forces Chiefs Worry About Defense Budget, Plan (Rolf Bagger; BERLINGSKE AFTEN, 30 Nov 79).....	25
Defense Expert Haagerup: Denmark Poor NATO Member (Niels Jørgen Haagerup; BERLINGSKE AFTEN, 30 Nov 79)..	30
F-16 Fighters Have Many Problems (INFORMATION, 29 Nov 79).....	34
Defense Ministry Defends F-16's (BERLINGSKE TIDENDE, 1 Dec 79).....	36

## FEDERAL REPUBLIC OF GERMANY

Bavarian Minister's Denial of Asylum to Czechs Worries Strauss (DER SPIEGEL, 26 Nov 79).....	37
Strauss Fears Effect on Campaign Commentary on Refugee Situation, by Erich Boehme	
Bavarians May Also Have Turned Back GDR Asylum Seekers (DER SPIEGEL, 10 Dec 79).....	45
FDP Seeks Role as 'Third Force' in Polemical Campaign (Thomas Engel; BAYERNKURIER, 24 Nov 79).....	48
Schmidt Dominates Party Congress, Cows Opposition (Juergen Leinemann; DER SPIEGEL, 10 Dec 79).....	50
CDU Rhineland Congress Plans Land Election Fight (Karl Friedrich Grosse; BAYERNKURIER, 24 Nov 79).....	54
SPD Left Experiences Defeats at Party Congress (DER SPIEGEL, 10 Dec 79).....	57
Maoist Party Operates Economic Fronts To Get Funds (DER SPIEGEL, 10 Dec 79).....	60

# CONTENTS (Continued)

Page

## FINLAND

Brezhnev Disarmament Initiative Indicates Readiness To Talk (Rafael Paro; HUFVUDSTADSBLADET, 8 Nov 79).....	63
Prime Minister, Party Leader Duel for Control of SDP (SUOMEN KUVALEHTI, 2 Nov 79).....	65
Koivisto Retains High Popularity in Opinion Polls (AFTENPOSTEN, 15 Nov 79).....	68
Shipbuilding Industry Official Sees Continued Growth (HUFVUDSTADSBLADET, 8 Nov 79).....	69
Briefs	
More Boat People	72
SAM Missiles Arrive	72

## FRANCE

Jacques Chirac Interviewed on Economic Matters (Jacques Chirac; Interview; L'EXPANSION, 9-22 Nov 79).....	73
--	----

## GREECE

Comments on New Economic Measures Reported (TA NEA, 30 Nov, 1 Dec 79).....	79
Items Taxed, by K. Kolmer	
Taxes, Statistics	
Opposition Blames Government, by Errikos Bartzinopoulos	

## ITALY

Opinion on Shortcomings of Cossiga Government, DC (Franco Bassanini; IL MESSAGERO, 6 Dec 79).....	92
Dissatisfaction Spreading Among Armed Forces (Antonio Tajani; IL SETTIMANALE, 14 Nov 79).....	95
Opinions on Revision of the Concordat (Guido Gonella, et al., Interview; IL SETTIMANALE, 14 Nov 79).....	100

# CONTENTS (Continued)

Page

## NETHERLANDS

Rotterdam Port Strike Deals Blow to Government's Program (Siep Geugjes; POLITIEK EN CULTUUR, Nov 79).....	108
--	-----

## SPAIN

Soviet Ships To Make Port Calls in Las Palmas (Jose Vera Suarez; YA, 8 Dec 79).....	119
Effort To Increase Trade With Cuba, Figures Given (EL PAIS, 7 Dec 79).....	120
Natural Gas Deposit Discovered (YA, 12 Dec 79).....	122
Spanish Airlines To Purchase Additional Aircraft (Juan Astorqui, Jesus Martinez Vazquez; ACTUALIDAD ECONOMICA, 24-30 Nov 79).....	123

OBJECTIVE OF BREZHNEV PROPOSALS: 'INTIMIDATE, CONFUSE WEST'

Paris LE POINT in French 15-20 Oct 79 pp 81-82

[Article by LE POINT worldwide affairs reporter Kosta Christitch: "Russian Blackmail"]

[Text] Brezhnev's warning impressed the West. However, it did not demobilize it, as its author wished. It may even have triggered the opposite reaction.

"It was skillfully but rather coarsely played. The disarmament proposals made by Leonid Brezhnev have the sole objective of preventing the West, the FRG above all, to strengthen itself militarily."

This confidential statement made by a French diplomat no more than a few hours after the 6 October East Berlin speech by the Soviet No 1 sums up perfectly the initial reaction of the Western capitals. In any case, none of them, in the secrecy of their chancelleries, fell for the seemingly generous offers made by the master of the Kremlin. It was unquestionable to Paris, Bonn, Washington, or Brussels that Khrushchev's successor had put to use the ceremonies marking the 30th anniversary of the GDR to try a clear blackmail of the West.

However, there is a line which the democracies cross less easily than the dictatorships between a clear vision of the tactic of the opponent and denouncing it publicly. They must take into consideration not only the nature of the relations they maintain with this opponent but also, above all, the moods of their public opinions, changing and always influencable. This reality fully applies in the Western reactions to Brezhnev's offensive. Hence the long silence maintained by Paris, London's reserve, and the Bonn's nuances found in the official comments. Hence, finally, the ringing of two different bells heard in Washington: According to Brzezinski, Brezhnev's speech contained "positive elements." Three days later, however, Carter stated that the suggestions made by the Soviet chief of state were not "so constructive as they might have seemed initially."



It must be pointed out that in East Berlin Leonid Brezhnev was neither even nor simplistic. He was definitely firm. The vigorousness of his statements strangely clashed with his hesitant delivery and his obvious physical weakness. His avowed objective was not only to intimidate the Westerners but also, above all, to throw confusion into their ranks.

The Soviet Union, he said in essence, wishes detente and would like to extend it to military affairs. To prove his good faith, he spoke of strengthening in Europe "measures of trust," i.e., the advance notification of military exercises. The Soviet leader was sure that this statement would be welcomed in the West. Why? Because the strengthening of such measures is included in the Helsinki final act. It is also among the most important in the French suggestion that a disarmament conference be held in Europe. Both Paris and Bonn would be satisfied, Brezhnev could legitimately think concerning this part of his speech.

However, the boss of the Kremlin was not merely seeking to impress or seduce the Western governments. He was not forgetting Western public opinion.

To hit it harder, Brezhnev maintained that the Soviet military potential on the European theater had not been increased over the past 10 years "by a single missile or airplane." This was a telling and, perhaps, accurate formula in quantitative terms. However, qualitatively it was entirely false, perhaps because of the recent deployment of SS 20 missiles in the East, alone, and the equally recent integration of the Backfire airplane in the Warsaw Pact forces. It is true that, on this point, the Moscow leader was not trying to convince the Western experts. Nor was the spectacular measure announced by Brezhnev in Berlin of withdrawing 20,000 men and 1,000 tanks from the Soviet forces deployed in the GDR aimed at them. For these experts know, as well as the Soviets, that such a reduction is insignificant and does not affect in the least Moscow's superiority in the field of conventional weapons in Europe. Brezhnev's objective was very simple: He wanted to provide arguments to his supporters and to the pacifist forces in the West to take up his campaign.

Did the master of Moscow succeed in his operation? It is too soon to answer this question. Yet, as of now, it does not appear that he has decisively shaken up the will of some Westerners to compensate for Soviet nuclear superiority in Europe. We know that NATO has called for deploying in the West cruise missiles and new missiles (Pershing 2) as an answer to the deployment of the SS 20 by the Soviet Union. Brezhnev's speech was aimed essentially at torpedoing this project. Yet, neither in Washington, nor Bonn, nor even London or Rome, have the statements by the Soviet chief of state appeared to have weakened the determination of the leaders. It is true that the definitive decision will be made only in December. Until then anything is possible. In this respect, Brezhnev's speech was merely a prelude.

5137

CSO: 3100

**TOP-LEVEL LEADERS DISCUSS MOTIVES BEHIND BREZHNEV PROPOSAL**

Paris LE POINT in French 15-21 Oct 79 pp 83-86

[Round-table discussion by Georges Suffert, Alexandre Sanguinetti, Jean Laloy, and Alain Besancon: "What does Brezhnev Want?"]

[Text] During the weekend of 6 and 7 October, Leonid Brezhnev gathered in East Berlin all the heads of state of the Warsaw Pact. Together they attended a splendid military parade of GDR troops, which violates treaties related to the former German capital. He then made a speech which sounded very much like blackmail. Considering the statements made by the head of the Soviet Union, the Western leaders are asking themselves: What does Brezhnev want? What do the Russians want? In an effort to answer these questions, LE POINT gathered the following around Georges Suffert: Alexandre Sanguinetti, former Gaullist minister; Jean Laloy, former director at the Quai d'Orsay, expert in Soviet matters; Alain Besancon, director of studies at the l'Ecole des Hautes Etudes; and Edgar Faure, former National Assembly president.

George Suffert: In your opinion, what is Brezhnev's actual target?

Jean Laloy: I have not as yet read the speech. It seems to me, however, that his statement is clear: He is criticizing the desire to modernize intermediate range Western missiles. He is ready to negotiate the quantitative reduction of his own armaments aimed at Europe--the SS 20--but only if the West gives up the idea of deploying similar missiles. This is harsh position. As to the withdrawal of 20,000 men and 1,000 tanks (what men? what tanks?), it is to sweeten the pill.

Alexandre Sanguinetti: On this point I rather share Laloy's view. We must clearly realize that we have passed a stage in the history of dissuasion. Yesterday we were living under a system of reciprocal terror roughly

described as "anti-city." Or, if you prefer, city against city, civilian population against civilian population, etc. This is no longer true: The so-called "anti-force" strategy makes it possible to destroy essentially targets. Such is precisely the case of the SS 20 which were deployed by the Soviets around Europe. It is said that there are not more than 100 of them. I do not believe a word of this. They have a far larger number and, in any case, their program is based on 1,200 3-missile launchers. This would be sufficient to annihilate in one strike all Western European defense systems. For the time being there is no possible retaliation against the SS 20. That is the problem. Compared with this, the Soviet army is not important. It is potentially an army of occupation and nothing more.

Alain Besancon: I was in Washington several months ago and heard similar statements. A purely strategic thinking is sterile if it is subordinated to political thinking. That is the way the Soviets proceed. Their expansionism extends from the nature of their system and of current circumstances. Their system requires legitimacy: socialism. It is a theory according to which all history leads to socialism which must be adopted throughout the earth. It is a global plan and any turnback is inconceivable. Therefore, the nonsocialist systems, in the Soviet conception, exist by virtue of the fact rather than the right to exist. Therefore, there is no legitimate sharing with them, no concert of nations, no power balance. Those who thought they could involve the USSR in the concert of nations, such as de Gaulle, or Kissinger, were cruelly deceived. According to the Soviets, peace means socialism on Earth. What makes socialism go forth, therefore, is the conquest of peace even if it is to be achieved, eventually through war. On the other hand, there are circumstances such as a sick empire which is becoming mired in intrigue and anarchy, a party affected by cynicism in which it is turning into a greedy and fleecing Mafia. What to do? Restore Stalinism? This would be dangerous and destructive and would immediately entail a fall from power. Follow the path of national-bolshevism? It would mean changing legitimacy and triggering the nationalistic counter-legitimacies of the conquered. Or else, as Brezhnev is trying to do, combine the two ways and use foreign policy to force the Westerner to subsidize the Soviet system (we are doing it) and achieve at some point "a big success" which would reunify the party and help it to regain its popularity.

J. L.: Let me state this differently. Over there there is a state and a movement. One, more or less powerful, is progressing in a zigzag line without acknowledging any equivalent. "In this world," Lenin said, "there are two worlds." Today Brezhnev speaks of the "socialist world" and the "nonsocialist world." What is the result? That there is no common law, no universal values, no true solidarity. I am not saying that this leads to war. I am saying that this leads to struggle and that peace does not rest on struggle alone. The risks are great.

A. S.: Besancon, I believe that your analysis applies through 1927. Until that year expansionism meant revolution elsewhere, and revolution elsewhere means the communist parties. Actually, they hardly accomplished anything. After that, Russia rediscovered classical, patriotic war. On that score

they are good. Since then, they have found themselves in a vice between a revolution which is no longer progressing and their visceral fear of the rest of the world. In 1948, whereas they carried the Prague coup, they did not touch Tito; Moscow said nothing when Sadat threw out the communist advisers. . . .

J.L.: But Sadat is not a communist. . . . This is different.

A. S.: I know that, but this does not detract anything from my reasoning. I am telling you that the Russians are people who are afraid. Consider the Pope's trip to Poland and think back: 10 years ago this would have been inconceivable. In a country they occupy they are culturally in a marginal position. Why do you think they did nothing in Teheran? Because they have 2,600 kilometers of common border with Iran and wish no trouble! My deepest thought is the following: A people who do not make more children are not truly expansionist.

A. B.: Yet, by virtue of a fatality affecting the Soviet system, since 1975, Vietnam, Laos, Cambodia, Angola, South Yemen, Ethiopia, Afghanistan, and Nicaragua have entered the communist orbit. . . .

Edgar Faure: I do not believe that they are any more expansionistic than others. By nature the Russians are defensive. On the other hand, they are somewhat disappointed domestically, which shows a paradoxical contrast with some successes abroad. What I really think is that in the long term communism cannot retain its rigid shape. Why? Because we are living in a scientific world, because science needs freedom, and that scientific freedom supports political freedom and even economic freedom. That is why we are witnessing currently a certain conflict within the scientific world.

J. L.: For quite some time we have been waiting for communism to devolve. . . I would like to go back to the basic question. What do the Soviets want? It seems to me that, in Europe, the answer is simple. They want the right to watch Western Europe. Europe, however, means, first of all, Germany. It is not a question of taking it by force or reunify it. It is a question of exerting an influence on the FRG in such a way as to place it, gradually, in a position of dependence, like Finland, or even simply, Norway. We know that Norway and Denmark have pledged, joining Nato, not to accept foreign troops on their territory. Neutrality in the split would be the best that the USSR would achieve with the FRG. This is the type of success achieved by anesthetizing the victim. We should counter this with peace without victory, with reconciliation. Yet, we are far from achieving this. We have proclaimed our independence so much that we have been dragged toward a dependence of which we are not even aware.

A. S.: Edgar Faure considers liberalization in Russia possible. I do not know whether this would happen. In any case, I am convinced that this would be the most difficult period, for the Soviet system will not agree to a change. As to what Laloy says, I would like to repeat what I have written 100 times over: Essentially, it is not a question of weapons but of resolve.



Historians will always ask themselves why 300 million Europeans sank to their knees in front of 250 million Russians.

A.B.: For the Soviets, Europe is the decisive stake. China is neither controllable. It is too big--nor exploitable--it is too poor--nor decisive in the major socialism--nonsocialism conflict. Africa is controllable but neither exploitable nor decisive. The Middle East is exploitable but hardly controllable and is decisive only in terms of Europe. The fall of Europe would be the fulfillment of the nationalist and Leninist dreams. It would occur in three stages whose symptoms would be the following. First the USSR will gain respectability. This has been accomplished.

A. S. This is the fault of that imbecile Adolph. . . .

A. B.: Then, it will become friendly. It will be no longer possible to criticize it. We have almost reached that point. Finally, we will have to proclaim it our ally.

E. F.: I shall simply say that I do not believe in a Soviet attack. Yet, should such an attack be mounted, I hardly see how we could resist, at least separately.

A. S.: But this is not true! This is the type of foolishness that the French should forget about. . . .

E. F.: Sanguis, may I go on?

A. S.: Please do. I shall prove to you later that you are wrong.

E. F.: I repeat, we would be unable to resist unless America intervenes. Yet, the Russians would not risk to touch the United States. I believe that an aggression, whether open or concealed, could occur only if we were to undergo an economic and social crisis. The main thing for us, therefore, is less to resist an attack than to avoid the appearance of conditions which could favor it. Therefore, I think that we could easily put a ceiling to our military expenditures, should this become necessary to balance the budget and maintain the health of the economy. Naturally, it is easier for any given country to limit its military expenditures in the presence of a general disarmament agreement. That is why I think that disarmament is today problem number one. It is even in the interest of the Russians, for the gross national product of the USSR is clearly inferior to the American. Therefore, should the Americans increase the percentage of their GNP allocated for military expenditures, beyond a certain percentage the Soviets would be unable to remain in the race. This is even the only hypothesis which would agree with your fears.

A. S.: I do not agree with Edgar Faure in the least. Allow me to cite a few figures. In 1962 it was a question of Algeria. We had allocated 6.3 percent of the GNP for military expenditures. In 1969 we allocated 4.08 percent. When Michel Debre became Minister of Defense the figure dropped to three percent. This had to be done. Today we have increased it to 3.5.

However, Germany has reached 3.8 percent with a GNP higher than ours by one-third.

G. S.: I would like to ask you a specific question: What would Moscow do if NATO's command does not yield to what should be truthfully called a minor Soviet blackmail, and should it deploy in Europe, as planned, the Pershing II and cruise missiles?

J. L.: I have no idea. However, I do not believe that this could go too far.

A. S.: That is obvious.

A. B.: They would simply try to restart all negotiations on a new basis. Let us not forget that the concession of 20,000 men and 1,000 tanks is aimed essentially at resuming the discussion on the MBFR<sup>1</sup>, stymied for a number of years.

J. L.: I note that on some points I agree more with Sanguinetti than I thought. I would like to use this to ask him a few questions. Such as, for example: Why would the placement of Pershing II in the FRG bother the Soviets more than an eventual modernizing of our missiles? I am not saying that the latter are worthless. I ask why the Pershing II are so bothersome. I would suggest my own answer: What bothers the Soviets is that it is a question of American missiles. These missiles reestablish a continuity in dissuasion. That is what the Soviets would like to avoid. They would like to neutralize Western Europe and thus alienate it even a little bit from the United States. It is precisely for this reason that the existence of NATO has always seemed to me to be an important factor. It ties less the Europeans to the Americans than vice versa.

A. S.: I hear you and I disagree. You are thinking essentially in terms of a ratio of forces in the quantitative and qualitative aspects of the word. Yet, dissuasion means, first of all, the facing of certain resolves. Bear in mind that this is not simple. I would be willing to believe in a certain Soviet resolve but I doubt the loyalty of the Polish or the Czech army. This is a joke. Therefore, they have their problems. The real risk of war would be the rush of the Russians before the satellites and the allogeneic and Russian populations. Feeling they have nothing to lose, they would trigger a Hitler-style apocalypse.

But what is our own problem? First, it is having a relatively proper balance of forces. Above all, we must have a conviction, a will. Yet, the existence of the American protection of Europe, following the signing of

---

1. MBFR (Mutual Balanced Forces Reduction): An international conference taking place in Vienna is aimed at reducing in a balanced and progressive way conventional military forces in Europe. France is not a participant.

the Atlantic Pact, turned 300 million Europeans into clods. They do not feel the need to organize their defense; In their view, the United States has undertaken to do this. Today they are vaguely aware of the fact that the situation is becoming dangerous again. They are unable to conceive of what kind of Pearl Harbor would awaken the farmers in the midwest.

J. L.: That is why, together with General Buis, you have suggested the establishment of a Franco-German nuclear force. However, this is entirely impossible.

A. S.: Why?

J. L.: For all sorts of reasons. Certainly, the FRG is a member of the European community. However, it remains convinced that its survival is linked to American power. That is why it will not abandon NATO. Add to this the fact that public opinion in the FRG is not attracted in the least to nuclear weapons and gains. Your suggestion, therefore, has no base. It would be a different matter to organize a European defense within the framework of the alliance.

G. S.: Here is an academic question: Assuming that the German government had accepted the suggestion made by Buis and Sanguinetti. Would Brezhnev have budged?

A. S.: He would have done nothing but make a tremendous amount of noise. Nothing else.

J. L.: I disagree. The period we are going through--American hesitations, economic crisis, petroleum--is in itself quite dangerous. We are taking a number of risks. Let us not add to them for no reason.

G. S.: I gather from your statements, Alain Besancon, Alexandre Sanguinetti, and Jean Laloy, that you agree that it is necessary not to yield to Brezhnev's blackmail and to reestablish, one way or the other, a certain balance of forces in West Germany.

A. S.: And, as far as I am concerned, to increase the share of the budget allocated for defense. A spiritual resolve which, it seems to me, is indispensable, is manifested first of all, by the importance one ascribes to one's own defense.

5157

CSO: 3100

## SS 20 DEPLOYMENT 'DETERIORATES POLITICAL, MILITARY BALANCE'

Paris LE POINT in French 15-21 Oct 79 p 82

[Signed editorial by LE POINT General Manager Olivier Chevrillon: "A Strategy of Fear"]

[Text] Well played, Brezhnev! The old man may be tired but those around him have at least good reflexes: They immediately make use of Carter's stupidities to make a wedge in the Atlantic Alliance. While playing the role of the wise man, compared with Carter the irresponsible, Brezhnev demands of Western Europe, in fact, that, slowly, it give up its defense.

Essentially, the matter is simple. Even though the Warsaw Pact already enjoys comfortable "conventional" superiority in the European theater, at the beginning of this year Moscow began to deploy the famous SS 20. More powerful and more accurate than its predecessors, this new missile could demolish in the blink of an eye all NATO and French land installations in Europe. Therefore, it triggers a dangerous disturbance of the military and political balance on the continent.

The European heads of state are well familiar with this and are worried about it, naturally, but they are hesitant, torn, and frequently hindered by the cooing of the pacifists. Should one shut one's eyes out of fear to displease the Soviets or else reestablish the balance of tactical nuclear weapons? After a great deal of shuffling it seemed that the second view would predominate: Germany and Belgium accepted, in principle, the deployment of Pershing 2 missiles on their soil, which are, roughly, the American equivalent of the SS 20. Alas! Two actors joined forces to shake up this precarious courage: First Carter and, subsequently, Brezhnev.

Carter frightened his European partners by his absurd outburst (followed by a retreat. . .) in the Cuban affair. A few weeks after the CIA had "discovered" the Soviet brigade stationed with Castro, most experts believed it had been there for nearly 10 years and that, furthermore, it presented no serious danger. This incoherence is striking. Whereas the United States remained passive in the face of the Soviet takeover of Angola, Ethiopia, Afghanistan, and others, now it is looking for trial and, most of all, is appearing as a saboteur of detente. All of a sudden, Europe cools off and begins to ask itself again whether or not the Pershing missiles could not wait. . .



Brezhnev was not about to miss such a good opportunity. Stating that he was planning to withdraw from the GDR a handful of Russian troops, he was betting on the credulity of public opinion. A few million dummies, he thought, will believe that I am truly thinking of a balanced disarmament. As to the political leaders of Western Europe, he simply used a threat, believing that it will frighten the rabbits and divide the enemy camp. The goose-stepping of the East German army, before Brezhnev and all his vassals, will be the background for ever more pressing warnings. According to Moscow, those who would be light-headed enough to accept on their soil Carter's Pershings "are playing with fire." The situation of the FRG, in particular, would become "delicate." Let us not kid ourselves: The propaganda assault will go on and will focus on the main stake which is, obviously, West Germany.

In all this hullabaloo one fact must be repeated: The Soviets are not looking for war. They would like to win it without waging it, through intimidation. Since their purpose is to test the steadiness of European nerves it would be sufficient to ignore the ultimatum they have given it: Fear of Brezhnev is the beginning of irrationality.

5157

CSO: 3100

## WIDE EUROPEAN INTEREST IN NORWAY'S NORTH SEA GAS

Oslo AFTENPOSTEN in Norwegian 16 Nov 79 p 12

[Article by Sverre R. Hjeltnes: "Strong Demand for Norwegian Gas in Europe"]

[Text] Groningen, 15 November--"Europe is hungry for gas and Norway is at the top of the list of countries from which we want to buy gas. The Norwegian gasfields are located close to the market and that means that transportation is relatively simple. Furthermore, when one deals with Norwegians one knows with whom one is dealing. One can rely on the agreements one enters into with Norway," Siv Rissick, the financial director of the N.V. Nederlandse Gasunie, told the AFTENPOSTEN.

The Netherlands, itself, has large gasfields in the Groningen area. Most gas is found on land, but some is also found at sea. But it is not believed that the reserves in the Netherlands are sufficient to take care of requirements and make full use of the company's more than 10,000 km of gas pipelines all over the country during the coming years.

"Naturally we hope, but we do not really believe, that we will find more big gasfields on Dutch territory. Therefore we are working very hard at finding out to what extent we can count on the building of a connecting pipeline for gas from the Norwegian fields in the North Sea and whether the gas will be brought ashore on the continent.

"We have said--and we mean it--that we would gladly share in financing such a project and if I were to express my personal opinion, it would be that I think the gas is going to be brought ashore either in Germany or in the Netherlands," Rissick says.

In reply to a question as to whether one could not serve all parties best by letting the gas go first to the United Kingdom and then laying a pipeline under the English Channel, Rissick answers that, with present-day technology, that would be inconvenient and unnecessarily expensive.

## Distribution and Exportation

It was the Shell and Esso companies which found gas in Groningen early in the 1960's. Gasunie was formed in 1963 to buy from Shell and Esso and distribute to consumers and export to other European countries. Gas and oil continue to be Europe's most important sources of energy. In 1978, Gasunie exported 45 billion cubic meters of gas to Germany, Belgium, France, Switzerland and Italy. That is 10 percent less than its exports in 1977.

In 1978, Gasunie bought 84 percent of the gas in Groningen, 14 percent from other concessions in the Netherlands (offshore fields) and "only" 2 percent from Ekofisk. Norway is taking a larger and larger share of the German, French and Belgian gas markets, and some Dutchmen regard this with a certain amount of concern. They would also like to have larger amounts of Norwegian gas and they make no secret of that fact.

## Gas Prices Follow Those for Oil

Gas prices in the Netherlands are based on the official price for oil. For industry, the price of heavy oil applies, plus 5 percent more. The price for gas for use in homes is based on the price for light fuel oil. "We are making great efforts to draw up contracts with Norway. We are working together with gas companies in other European countries and with the Economic Community, and I expect that we will present a joint proposal to Norway before very long," says Director Rissick.

The Dutch think that they have some good cards in their hands--that is, the possibility of financing a connecting pipeline entirely or partially, and a well-developed distribution network in the Netherlands to go along with already-established export routes to gas-hungry Europe. In addition, they are willing to pay what the gas costs, both now and in the future.

The gas in the North Sea is money in the bank for Norway, but one cannot wait too long to make a decision as to where the Norwegian gas is to go. "It is now that it is Norway's time of opportunity because it is now that Europe wants to make itself secure for the future," asserts the expert with whom the AFTENPOSTEN talked.

9266

CSO: 3108

## FINAL COMMUNIQUE ON FINNISH CP DELEGATION VISIT TO PCI

Rome L'UNITA in Italian 16 Dec 79 p 24

[Article: PCI-Finnish PC Talks Concluded"]

[Text] Rome--A delegation of the Finnish Communist Party, composed of comrades Erkki Kivimäki, of the Political Office, ad interim national secretary; Eero Tuominen, member of the Secretariat, who works in the Organization Section of the CC [Central Committee]; and Irina Lindeberg, who works in the International Section, were in Italy from 9 to 14 December, at the invitation of the Italian Communist Party.

The Finnish PC [Communist Party] was received in the headquarters of the directorate of our party by Gian Carlo Pajetta, of the Directorate, chief of the International Department; Mario Birardi, of the Secretariat; Rodolfo Mechini, deputy chief of the Foreign Section; and Vittorio Orilia, of the Foreign Section.

During the course of the meetings, which the final communique characterizes as cordial and friendly, comrades Gian Carlo Pajetta and Erkki Kivimäki fully discussed information on the political-economic and social situation of the respective countries and the activities of the two parties. It turned out that the Finnish and Italian communist parties, within the framework of the specific situations of each country, face political and economic experiences that have many aspects and characteristics in common. The need of a policy of cooperation on the part of democratic forces in order to overcome the difficulties of the economic and social crisis and in order to affirm an international position on the part of both countries, even though situated differently, that is inspired by detente and cooperation among peoples, is the basis of the political action of the two parties.

"This is how," the communique continues, "a governmental policy and one of the working masses of the two parties should be expressed. The essential things in both Finland and in Italy are agreement and unitary action with the forces of the left and with all democratic forces in the search for new ways to progress to a socialist change for society regarding democracy and respect for the special characteristics of each country."



During the meeting emphasis was placed on the importance of the mutual commitment of Finnish and Italian communists regarding a policy of peace, of security in Europe, and armaments reduction based on the principles of the Helsinki Act of 1975, to be pursued by means of every possible bilateral and multilateral initiative in all existing international seats.

"Also stressed," adds the communique, "was the mutual conviction that the protection of the process of detente from the dangers that today are a threat to it requires a search for greater convergence by the political and social forces that are inspired by the same principles, in order to isolate the reactionary trends that are seeking to undermine the process of strengthening detente and to return to a policy of opposition. In this spirit the Italian communists emphasize the value of the commitment of the Finnish communists in behalf of detente, disarmament, and the creation of a denuclearized Nordic zone. The Finnish communists appreciate the proposals and the initiatives of the Italian communists against the introduction of new missiles in Europe and for an immediate initiative that will bring the armaments balance to increasingly lower levels and thus guarantee the presuppositions of detente in the military field also."

The Finnish delegation also met with comrade Gianni Giandresco, deputy chief of the Organization Section, and with other comrades of this section. It was the guest of the PCI [Italian Communist Party] federations of Bologna and of Milan, where numerous meetings were held with local party leaders and with representatives of local administrations.

8255

CSO: 3104

## KRONE DEVALUATION COMES ON EVE OF ECONOMIC CRISIS PLAN

## Strong Measures Must Follow

Copenhagen BERLINGSKE TIDENDE in Danish 30 Nov 79 p 10

[Editorial]

[Text] The 5 percent devaluation of the krone within the EMS [European Monetary System] cooperation must be viewed as an extension of the exchange rate adjustments in September. This is a policy that to some extent counteracts the pegging of the Danish krone to the strong German mark--which has no real economic background--and it also somewhat limits overvaluation of the krone.

This kind of exchange rate policy is not necessarily unwise. But it gives rise to many problems. First and foremost its potential wisdom depends on the ability to keep the domestic cost level steady to a reasonable extent. For if compensation is given for the import price hikes caused by the devaluation the exchange rate policy will lead quickly to a general increase in the domestic cost level without achieving the socioeconomic benefits that would otherwise be made possible by the exchange rate adjustment.

Thus if the devaluation of the Danish krone is to have any lasting effectiveness the government must be firmly resolved to eliminate automatic wage adjustments to allow for price increases. This means that the automatic cost-of-living adjustment must be suspended.

Whether the government can carry through this resolve is a central point. It must be remembered that a devaluation is quite expensive for the many Danish business firms that have taken out loans in foreign currency. These firms took out such loans because the Danish authorities found this desirable for economic policy reasons. This should intensify the obligation of the authorities to make sure that the immediate loss of status caused for Danish firms by the exchange rate devaluation is not

accompanied by domestic cost increases. Instead the exchange rate adjustment should improve earnings of firms competing on the international market.

#### Politicians Comment on Move

Copenhagen BERLINGSKE TIDENDE in Danish 30 Nov 79 p 16

[Article by Lisbeth Knudsen]

[Text] The government was sharply criticized by the leaders of the Folketing parties yesterday for the devaluation and several of them felt the government should now hold an entirely new round of talks with the organizations concerning the rest of the government's economic package solution because the 5 percent devaluation of the krone could change the conditions for negotiations on the government's move.

The non-socialist parties and the Radical Liberals warned the government against making a weak move on wages and prices on Tuesday as a follow-up to the devaluation. CD [Democratic Center] and RFB [Single-Tax Party] criticized the government for not making a bigger adjustment in the exchange rate of the krone or trying to free the krone entirely in the European monetary cooperation while VS [Leftist Socialist Party] directly opposed the adjustment. Business organizations would not commit themselves on the devaluation and wanted to see the rest of the government's package solution before presenting a joint evaluation.

"The government's decision on a deliberate and final devaluation has clearly changed the conditions for the economic policy on which decisions must now be made," said Liberal chairman Henning Christophersen in a comment on the devaluation. "Some follow-up measures will now be needed in addition to the steps already considered by the government. I assume the government will now hold new negotiations with the organizations and if it acts illogically the negotiations will have to start all over again," Henning Christophersen concluded.

Conservative group chairman Poul Schluter felt that the government's decision indicates that it has given up on economic policy. "If the government had planned the economic policy needed in time the devaluation would have been unnecessary," Poul Schluter said.

#### New Blow

Progressive Party leader Mogens Glistrup said: "This is a new blow to family economies. This has something to do with the big deficits of

the last few years which have been the result of the policies of both the Social Democrats and the non-socialist four-party coalition."

Radical Liberal group chairman Niels Helveg Petersen said: "The adjustment of the Danish krone places very stringent demands on the income policy solution the government will present next week. After the krone devaluation it is vital that the income policy move be consistent and strong, otherwise the benefits of adjusting the exchange rate of the krone will be eaten up in a short space of time. Thus an evaluation of the adjustment cannot be made until we know the contents of the government's more long-range plans."

#### More Unemployment

Christian People's Party group chairman Christian Christensen said: "The government lacked the courage to implement the necessary economic austerity measures. The devaluation indicates that. Even though in the short run devaluation can ease things somewhat it is to be feared that in the long run this will increase our economic problems and create more unemployment."

Democratic Center group chairman Rene Brusvang commented: "The krone has been greatly overvalued for some time. But the question is whether it would not have been better to go all the way at this time with a stronger devaluation, for example 20-25 percent."

Ib Christensen of the Single-Tax Party: "With the economic policy pursued by the government with the support of the four old parties the devaluation was unavoidable. Instead the government should have freed the krone from the EC currency snake, following this step up with effective supporting legislation."

"A 5 percent devaluation is one of repeated adjustments--and not an unpredictable occurrence. It is an inevitable adjustment of a living standard that is too high and the important thing now is that we accept it--and don't try to compensate our way out of it as we have done in the past." So said Ove Munch of the Industrial Council. He said we had to recognize the situation--and not cover ourselves with higher wages.

"When the government resorted to a devaluation the surprising thing is that it was only a 5 percent devaluation. That's only an adjustment," said the chairman of the Danish Bank Association, managing director of Handels Bank Bendt Hansen. "In spite of that in my opinion some pressure should be placed on the parties in Folketing with regard to their discussion of the bill the government intends to present on Tuesday to serve as back-up legislation."



Jens Thorsen, chairman of the Danish Employers' Confederation (DA) made this comment: "DA certainly does not favor a devaluation and in any case it must be followed up with a strict income policy. For that reason it is surprising that the government has taken this step at a time when a strict income policy is not yet guaranteed and when there seem to be well-founded doubts as to whether the moves the government is planning will be adequate or whether they can be carried out at all due to the conditions the government is setting in order to get a total solution implemented."

### Currency Already Returning

Copenhagen BERLINGSKE TIDENDE in Danish 1 Dec 79 pp 1, 16

[Article by Frank Dahlgaard]

[Text] Big sums of money were already streaming back into Denmark yesterday after the government's shock devaluation on Thursday night. These are the billions that in recent months have gone into other currencies due to distrust in the exchange rate of the krone which are now gradually starting to return to Denmark.

National Bank director Svend Andersen who told BERLINGSKE TIDENDE this said that the krone devaluation of the previous day definitely created an atmosphere of calm on the exchange rate of the krone for many months to come. Handels Bank's arbitrage manager Jan Raffel agreed with the National Bank in that evaluation and predicted that the export of Danish krone bonds would now resume. If that happens more billions will flow into the Danish currency reserves.

On its very first day the devaluation clearly affected all exchanges which typically shot up 3.5 percent compared with Thursday's exchange rates. Thus the krone declined 3.3 percent immediately and there was feverish activity in the arbitrage divisions of banks across the country.

The fact that there is now total confidence in the krone was shown yesterday when the Danish National Bank had to lend strong support to the Belgian franc because that currency had a hard time keeping up with the new strong krone in the hectic currency trading on Friday. Rumors of a devaluation of the Belgian franc this weekend were dismissed as nonsense by all official sources.

The Norwegian government and the Norwegian National Bank yesterday raised the discount rate a whole 2 percentage points but as far as we could learn the Norwegians made this decision before they knew of the Danish devaluation.

The bond market greeted the devaluation of the krone with frequent rate hikes, typically 1/4 point, but here the positive reaction may be influenced by support buying from credit associations ending their fiscal year yesterday. On the stock market the exchange rate tendency was mixed.

### Imitating Swedes, Norwegians

Copenhagen BERLINGSKE TIDENDE in Danish 1 Dec 79 p 9

[Article by Frank Dahagaard]

[Text] The devaluation of the krone by 5 percent yesterday was not one of the usual adjustments of the rate of the krone. In the first place the effective devaluation of the krone yesterday was greater than it has been in previous rate adjustments in the 1970's. In the second place this time the Danish krone was devalued on our own initiative.

This is the first time in the postwar period that Denmark has taken active steps to devalue the exchange rate of the krone. All previous krone devaluations have been passive adjustments of the krone rate to other currencies in light of inflation variations among different countries. In past krone devaluations other countries have always been the ones to take the initiative in "snake adjustments" and when that happened we simply made use of the occasion to make minor downward adjustments of the krone.

### New Course

For once the new Danish devaluation came as a real surprise. Only 2 months ago (24 September) Denmark made its last exchange rate adjustment after Germany had called the EC countries together in Brussels to implement its wish to have the German mark revalued upward. At that time the German mark was devalued by 2 percent [as written] while the krone was devalued by 3 percent. Thus our currency was devalued by 5 percent in relation to Germany in September.

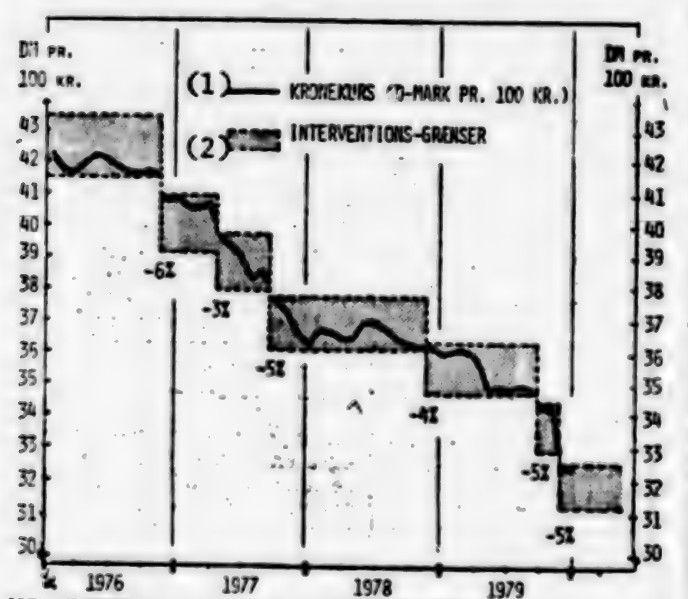
Now the krone has again been devalued by 5 percent but this time it was a solo devaluation in relation to all other currencies. While previous devaluations in the 1970's have simply been passive rate adjustments aimed at preventing a direct deterioration of our international competitiveness the devaluation yesterday was an offensive step, directly aimed at improving our competitiveness.

This actually indicates a new currency policy. There is much to suggest that the government has finally abandoned the attempt to continue the

traditional finance and currency policy on its own (higher taxes and duties, high loan costs) and now intends to stress an effective income and currency policy.

In this Denmark is following in the footsteps of Sweden and Norway who have successfully improved their competitiveness in recent years with the help of a strict income policy combined with minor devaluations.

But the big question is whether we are really capable of carrying out the policy to improve our competitiveness that has been mapped out.



Position of Krone Within "D-Mark Snake," 1976-79

The Danish krone has been devalued six times in all against the German mark in the last 3 years. Before October 1976 100 kroner brought between 41.5 and 43.5 DM. Now 100 kroner is worth between 31.3 and 32.5 DM. The precise rate of exchange depends on the position of the krone within the DM snake, as shown in the graph. Source: May 1979 report of government economic advisers, updated to reflect current developments.

Key:

1. Krone exchange rate (German marks per 100 kroner)
2. Intervention limits

## Positive Effects

The details of the government's plan are not yet known but with a Danish krone devaluation of 10 percent in all against the German mark in just 2 months, a current total wage and price freeze in effect and a proposal to cut the tempo of wage hikes in half in the coming year there is a real chance that Denmark's competitiveness could improve appreciably.

The positive effects of the devaluation of the krone apply to Danish firms competing with foreign goods and services. Danish exporters will now get more kroner for the foreign currency they earn while importers, on the other hand, must pay more kroner for imported goods. This promotes exports and checks imports and the result will be a smaller deficit in the balance of payments.

At the same time higher sales of Danish products abroad and on the domestic market will create more employment.

Another positive effect is that the capital that has left Denmark will now return with the result that Danish currency reserves will increase once more. At the same time the devaluation means that we can probably avoid the discount and interest hikes that were dangerously close after the world interest increases of recent weeks. As late as yesterday, for example, Norway raised its discount rate as much as 2 percent.

The devaluation probably also means that we will have lower tax and duty increases than would otherwise have been the case.

## Negative Effects

The negative effects of devaluation are beginning to be well-known: Danish foreign debts are revalued upward in kroner by 5 percent and for firms that do not compete with foreign firms--and thus do not benefit from improved competitiveness--this means a real increase in interest and amortization burdens. But for export firms higher sales revenues will clearly outweigh the higher costs of interest and amortization payments abroad.

Danish terms of trade will also deteriorate as a result of the devaluation. We must now export more Danish products in order to buy the same amount of import products we used to buy.

Finally, price increases (inflation) will intensify in the wake of the devaluation. When the price freeze is eased on 1 January the expensive import products will push Danish living costs even higher. The 5 percent devaluation is expected to increase living costs a good 1 percent when the devaluation takes full effect within the next few months. This



means that real wages will decline a good 1 percent unless new wage hike pressures occur. Preventing such pressures from arising after 1 January is one of the government's most important tasks at this time.

#### Good Start

Summing up, we can conclude at this time that the government with the devaluation and the income policy plan has mapped out a much-needed plan for improving the nation's competitiveness. But this won't be enough to solve our employment and balance of payments problems. In order to bring the Danish economy back on its feet in a reasonable length of time we must have a greater improvement in competitiveness than has been planned for. However yesterday's devaluation was a vital beginning that could lead to an active policy to improve competitiveness.

#### Cabinet First Wanted Larger Drop

Copenhagen BERLINGSKE TIDENDE in Danish 1 Dec 79 p 7

[Article by Frank Dahlgaard]

[Text] The government originally wanted to devalue the Danish krone more than 5 percent.

Well-informed sources have told BERLINGSKE TIDENDE that concern about foreign reaction and "green krone" considerations led the government to hold back from a larger devaluation. At the same time the National Bank strongly warned the government against devaluing the krone by more than 5 percent because speculators would then be rewarded for their endeavors. A large exchange profit for speculators now would "whet their appetite" and lead to even larger speculative transactions in the future.

BERLINGSKE TIDENDE has learned that the government has been considering a substantial Danish devaluation for some time and that this plan became more concrete during the last 2 weeks. A very small group of people was involved in the top-secret discussions. In addition to the National Bank director, Economy Minister Ivar Norgaard and Finance Minister Svend Jakobsen were participants and Prime Minister Anker Jorgensen was kept up to date. For security reasons the rest of the cabinet remained in the dark.

#### Approval in Advance

Monday evening it was finally decided to go ahead with devaluation and on Tuesday the National Bank began calling up the central banks of the other EC countries. By Thursday the Danish top-level negotiators had a

green light from all the EC countries on a 5 percent devaluation and the EC Commission had also promised to give favorable consideration to a 5 percent devaluation of the "green krone." At this point the Danish authorities were ready to announce the devaluation.

Thus Prime Minister Anker Jorgensen had obtained advance approval from the EC countries before he arrived at the EC summit meeting Thursday in the Irish capital, Dublin.

We have never had a Danish krone devaluation just before a weekend prior to this but BERLINGSKE TIDENDE has learned that this was a step in the National Bank's strategy to "catch the speculators napping" this time. Speculation on possible devaluations always increases just before the weekend and the idea was to forestall this wave of speculation.

The plan worked. Politicians, currency traders and journalists were all outwitted by the successful devaluation plan of the government and the National Bank.

#### Central Bank Director Comments

Copenhagen BERLINGSKE TIDENDE in Danish 1 Dec 79 p 7

[Article by Frank Dahlgaard]

[Text] Danish competitiveness abroad will improve noticeably if the devaluation of the krone is followed up by implementation of the government's crisis package.

National Bank director Erik Hoffmeyer stressed this to BERLINGSKE TIDENDE after yesterday's surprise devaluation of the krone by 5 percent. However Hoffmeyer would not reveal the details of the government's crisis package which will be made public on Monday.

Erik Hoffmeyer said: "This is the first time in the postwar period that Denmark has taken an active initiative in a devaluation of the krone and the goal is to improve Denmark's competitiveness. But we do not have any special calculations of the isolated effect of the devaluation since it is simply a step in the government's total economic policy. When the 'crisis package' is presented on Monday we can say something about the economic effects of the entire policy, including the devaluation."

#### Not a New Policy

The National Bank director said this was the largest effective devaluation of the krone in the 1970's because this time we acted alone in a

5 percent devaluation of the krone against all other EMS currencies. However the effective devaluation will be somewhat lower against the Swedish and Norwegian kroner because the Swedes and Norwegians manage their exchange rates according to a "basket" of foreign currencies, including the Danish krone.

Is the active krone devaluation an indication of a new Danish exchange rate policy?

"No, this operation will not be repeated. This is by no means 'creeping devaluation,' as some people have charged."

Can we now expect lower interest and discount rates?

"Not right away, at any rate. Recently there have been substantial interest increases abroad and that also affects Denmark."

Would the Danish discount rate have been raised at this time if we hadn't devalued the krone?

"That cannot be answered since developments will depend on the policy presented by the government Monday--and whether or not this policy is put into effect. Devaluation is a step in the package solution."

#### No Deception

Erik Hoffmeyer made it clear that he still believes that the Danish balance of payments deficit in 1980 must be brought down by at least 3 billion kroner compared with this year's deficit. He also believes that implementation of the crisis package could achieve this goal.

Does the devaluation mean that we can avoid stringent financial austerity measures with tax increases and spending cuts?

"I still feel that financial policy is too weak--even after devaluation. But perhaps we can say that financial policy will not have to be tightened up quite as much as would otherwise have been necessary if only the government's package solution is approved and carried out."

Director Hoffmeyer added that it is his definite impression that the government is now very determined to implement its economic policy.

He had said earlier that a devaluation is a deception of the people and an impossibility because it presupposes lack of knowledge.

"This devaluation was no deception because here the government has said openly that we must all accept a real wage decline."

6578

CSO: 3106

## ARMED FORCES CHIEFS WORRY ABOUT DEFENSE BUDGET, PLAN

Copenhagen BERLINGSKE AFTEN in Danish 30 Nov 79 pp 3, 31

[Article by Rolf Bagger: "More New Materiel, but Fewer and Fewer Soldiers"]

[Text] The defense arrangement adopted by the Folketing in the course of the next year will establish the main lines of Danish defense in the 1980's. From the plans published by the armed forces' command it can be seen now that it will be a defense whose all-overshadowing mission will be to absorb the first big shock in case of an invasion of Denmark. A number of other missions must be turned over to Denmark's NATO allies.

Early in January, Defense Minister Poul Søgaard will present the government's proposal for reorganizing the situation of the armed forces. The proposal will be discussed in the Folketing during 1980 and adopted before the end of the year.

The government's proposal is not yet known. Neither is the size of the appropriation the government will propose. And the government does not know what majority it can find, or what plan and what appropriation it can agree on with the other parties in the majority.

Nevertheless, a number of factors affecting the defense arrangement for the 1980's are already clear. This is due to the publication last Friday of the armed forces command's "Plan for the Organization of the Armed Forces After 1 April 1981." Since the government will not spend much time working out its bill, it is clear that the bill will fall within the possible combinations contained in the armed forces command's plan.

It can therefore be stated already that the Danish defense of the 1980's will be, to a greater degree than ever in the history of NATO, adapted to precisely the missions that it is most urgent to get accomplished from the point of view of the needs of the alliance as a whole, and that means that Danish defense in the 1980's will be based on a pure anti-invasion defense, ready to absorb the first shock from an attacker, whether he comes from the sea, by air, or overland from the south.



All of the armed forces' other missions are either assigned a lower priority than defense against invasion, or their accomplishment is entrusted to allied reinforcements or other NATO countries.

## Two Alternatives

The armed forces command's plan contains two alternatives. Alternative A is worked out so that the armed forces will be able to accomplish several missions besides defense against invasion, which must therefore be expected to be correspondingly weakened, while Alternative B is the solution that assigns highest priority to defense against invasion with secondary missions arising from it.

Thus, Alternative A operates with the maintenance of an air force of approximately the present size, supplied with anti-missile weapons for what is called area air defense. The navy will maintain its capability for patrolling the territorial waters and asserting Danish sovereignty in times of crisis and for the protection of seagoing traffic, e.g. between parts of the country, while the army will maintain a considerable strength for defense of the Zealand group of islands.

It is also worth noting that the armed forces command's plan does not describe this Alternative A in detail at all. Against that background there is no doubt that the armed forces command clearly prefers Alternative B.

The anti-invasion defense in Alternative B finds expression in a number of changes as compared to the present armed forces. It is clearly based on the circumstance that considerable allied reinforcements can be counted on if the Danish armed forces can withstand an attempted invasion until these reinforcements have arrived and become combat-ready.

In Alternative B, therefore, great weight is laid on modernization and development of anti-aircraft defense of the disembarkation ports and airports, first and foremost in Jutland. In compensation it is expected that the air force cannot be maintained with the same number of planes as today once the present plane types are worn out. It also appears that the planes will be primarily equipped for anti-aircraft defense. This is closely related to the fact that the allied plane reinforcements will consist almost entirely of fighter-bombers, which will then take on the assignment of attacks on enemy assembly and loading areas and on ports for invasion forces and their facilities, as well as air support for Danish naval and land forces.

As far as the navy is concerned, there is discussion of an increased number of anti-aircraft and surface missiles, maintenance of the submarine branch as a front-line defense against invasion, increased emphasis on mine defense, and procurement of a number of mobile missile batteries for use from land against enemy vessels. On the other hand, Forts Stevn and Langeland will probably be dismantled as obsolete, and the navy's two

largest vessels, the frigates "Peder Skram" and "Herluf Trolle," presumably will go out with the 1980's.

#### At Sea and in the Air

This gives us a picture of a defense of the Zealand island group that will be carried out to an increasing extent by sea and in the air. This can also be seen from the circumstance that only at the highest economic level and with a 3 percent increase in the defense budget is it considered to be right and possible to maintain the two Zealand armored infantry brigades. Below that level one brigade will be developed, and besides that it is planned to close down Holbæk and Vordingborg barracks, to combine the two Zealand artillery regiments, and to disband the Danish Guards Regiment in Vordingborg. Back of these possible arrangements looms the possibility of receiving an allied brigade as a reinforcement for Zealand.

On the other hand, it is desired to strengthen the land forces, especially in Jutland (Schleswig-Holstein) by procurement of modern anti-aircraft weapons for the Jutland Division and establishment of a special helicopter-borne antitank company under the division. That would strengthen its combat strength, especially in defense. It is proposed to reduce all of the armored infantry units, including that in the Jutland Division, to two thirds of full strength. This would be done by reducing all battalions and artillery divisions from three to two subordinate units (companies or batteries).

This arrangement, too, points to a line of thought in the direction that only one blow will be (can be) struck, in the hope of hitting right the first time, since afterwards each battalion will be like a boxer who no longer has the strength to lift his two gloves. But behind this arrangement, too, looms the possibility of allied reinforcements.

To remedy the deficiencies that will show up on land, especially in Zealand, a number of local defense battalions are to be raised (with conscripts and reserve officers) back up to field army status and equipped and trained as real coast defense battalions with local missions in invasion-threatened areas. In addition the home defense is expected to be entrusted with bigger tasks of a more direct combat character.

#### Reductions

The overall picture of the armed forces command's plan is a picture of the degree to which technological development determines defense planning. There will be a reduction in the number of units in practically all fields, while in return the units are equipped with more advanced materiel. There will also be (as there has been in all recent Danish defense plans) a reduction in the number of personnel, both professional and (especially) conscripts, and this means a little, inevitable step away from a people's defense force.

On the other hand, the proposal is perhaps not so much as has sometimes been thought an expression of increased division of labor among the NATO

countries. Denmark is not turning over either its submarine branch or the whole of its naval defense in the Baltic to others (West Germany). It is rather a question of increased division of tasks. Denmark itself will still absorb the first thrust against Danish territory, but holding out and counterattacking must, as an inevitable necessity, be turned over to the big member countries of the alliance.

It has been mentioned by officials that continuation and completion of the current defense plan would take a 70 percent increase of the budget in fixed prices. Lt Gen G.K. Kristensen, Chief of Staff of the Armed Forces, tells BERLINGSKE AFTEN that this figure is arrived at on the assumption that Denmark would carry out all of the NATO "recommendations" on accomplishment of missions. The Danes are not even trying to carry out a number of these missions today.

### Three Levels

The armed forces command's reorganization plan operates with three different economic levels (which, of course, can be combined, or intermediate measures can be taken): An unchanged budget in fixed prices in relation to today, a 1.5 percent increase, and a 3 percent increase.

It must be borne in mind, however, as the armed forces command points out, that the expansion of harbors and airports and other facilities especially to receive reinforcements can be advantageous for purely civilian purposes in peacetime. It is therefore conceivable that a part of these expansions can be financed via the state's civil budgets.

Lieutenant General Kristensen says that even with a 3 percent increase in the future, a number of NATO recommendations cannot be carried out.

A 3 percent increase of the defense budget in fixed prices was originally adopted in the NATO council of ministers as a recommendation to all of the NATO countries, but it is certainly wise to take note of the circumstance that neither Prime Minister Anker Jørgensen nor Defense Minister Poul Søgaard has ever promised on behalf of Denmark to carry out that recommendation fully. Both have always contented themselves with saying that we would strive toward it.

The cut of 100 million kroner that the government proposes to make in the defense budget for 1980 in conjunction with far greater total cuts in the state budget will hardly come to pass in the budget for 1980, and will have no effect on the coming defense organization. Poul Søgaard emphasized that to BERLINGSKE AFTEN. He also said that the cut has already been accounted for.

Some 90 million kroner will be cut from the ministry's military expenditures and 10 million from civilian expenditures. On the military side, 38 million is being saved on materiel maintenance, 2 million on energy costs, 10 million on building maintenance, and 38 million on personnel

costs. The saving on personnel is being made by calling 25 reserve officers fewer than planned back for short-term duty, reducing regular personnel (constables and sergeants) by 200 positions that are now vacant (there are no dismissals), and calling up 280 fewer conscripts. Lastly, 25 empty civilian positions will not be filled.

On the civilian side, 6 million kroner is being saved by postponement of the first stage of a new fire inspection ship and 4 million is being saved on the purchase of new maritime measuring equipment.

8815

CSO: 3106



## DEFENSE EXPERT HAAGERUP: DENMARK POOR NATO MEMBER

Copenhagen BERLINGSKE AFTEN in Danish 30 Nov 79 p 9

[Article by Niels Jørgen Haagerup, Liberal member of European Parliament]

[Text] As appeared from the debate in the Folketing on the Social Democratic government's position on the rocket question and on plans to cut the defense budget by 100 million kroner, the previous broad majority behind the Danish security and defense policy is disintegrating--with no other majority in sight.

Otherwise that majority had stood its tests in various situations since Denmark became a member of NATO 30 years ago.

In 1951 Ole Bjørn Kraft, then foreign minister in the VK [Liberal-Christian People's Party] government went to the NATO meeting in Ottawa in September with instructions that Denmark did not wish to accept Greek and Turkish membership in NATO. The Danish government had assumed that there would be four other NATO countries behind that negative position, namely Canada, Norway, the Netherlands, and Portugal. It was found at Ottawa, however, that Denmark was alone in its position. Ole Bjørn Kraft therefore asked his colleagues in the NATO council of ministers for a postponement of further discussion of the matter, but only a postponement while the meeting of the council of ministers continued for the next few days. At a meeting of the foreign policy committee the Social Democrats--in addition to the two government parties--urged that Denmark should not exercise its veto over the two countries' acceptance into NATO, while still maintaining its opposition. Subject to the approval of the Rigsdag, the other countries' position could be accepted. The council of ministers was then able to reach a decision on 20 September.

In 1954 the problem was receiving the Federal Republic of Germany into NATO after the collapse of attempts to establish a European defense community with West German participation. The Danes linked that question with the minorities problem, which was solved in ways that both the Germans and the Danes have had reason to be satisfied with.

Decisive for the Danish position on the primary question of West German membership in NATO, however, was Prime Minister H.C. Hansen's statement that Denmark had no possibility of preventing a West German defense contribution, and that the consequence of a Danish no would be Danish withdrawal from NATO. The choice was thus not between a NATO with or without West Germany, but between a NATO with West Germany and without Denmark and a NATO with West Germany and Denmark. In the Folketing there was a clear majority in favor of the latter solution.

Both in 1951 and in 1954 the majority consisted of the Social Democrats, Liberals, and Conservatives, while the Radical Liberal Party was opposed --just as that party had opposed Danish entrance into NATO in 1949.

Although the Radical Liberal Party later accepted Danish membership in NATO, there are certain points of similarity in the rocket question to the two situations in 1951 and 1954. There was, however, the decisive difference that the Social Democratic Party no longer supported the Liberals and Conservatives, as they had in 1951 and 1954--and also in 1961, when it was decided to establish a unified command for the southern part of the Scandinavian Region--but chose a course that was far closer to that of the Radical Liberals.

There thus arose three different lines in security policy, namely the extreme view of the left wing, which, regardless of nuances on defense policy, makes the demand that Denmark withdraw from NATO; then that of the Social Democratic Party and the Radicals, demanding postponement of the rocket question for 6 months and a defense cut of 100 million kroner; and lastly that of the Liberals and Conservatives, who can count on support from the other two parties of the four-leaf-clover, the Democratic Center Party and the Christian People's Party. The Progress Party, too, will all or nearly all be found on the same side as the four-leaf-clover parties.

In spite of the fact that the Danish government's position on the rocket question came about as a compromise, the main purpose of which was to bring together the fragmented Social Democratic parliamentary group, for the first time in the 30 years since Denmark's entrance into NATO the prospects are for a serious split in the majority behind Danish security policy. Even in the periods when there was disunity on defense policy, such as in the years 1968-1972 before the defense compromise of 1973, there was no such disagreement on the security policy itself and the relation to NATO as is now in question.

This has made a breach in a policy that had been marked by substantial continuity, which has naturally been a significant strength in Danish foreign policy and the credibility of that policy abroad, regardless of whether Denmark had a bourgeois or a Social Democratic government.

With regard to atomic policy, the Social Democratic position on medium-range weapons also represents a break with the previous line.

That Denmark will not accept atomic weapons on its territory has been reiterated so often for so many years that statement is generally regarded as the content of Danish atomic weapons policy. It is not that simple.

In the first place the wording that "Denmark wants no atomic weapons on Danish soil" is not correct--or in any case not formally correct. The correct formulation adds "under the present circumstances." What those circumstances are is not further explained. But the addition is important, since it--at least formally--leaves open the possibility of a change in the Danish position in case the "circumstances" change.

Moreover, Denmark takes part in an Atlantic-European joint defense which relies on the presence of atomic weapons in Europe, and which even envisions the possibility that NATO may use atomic weapons first against an attacking enemy's conventional forces. Denmark not only is covered by but also shares the responsibility for the flexible response strategy. That strategy insists on a close connection between conventional forces, tactical atomic weapons, Euro-strategic atomic weapons, and strategic atomic weapons, so as to be able to make the response to an aggression both graduated and flexible--but adequate to withstand the attack.

Furthermore, Denmark shares with the other NATO countries a responsibility for the alliance's atomic planning, both as a participant in the alliance's defense planning committee and--especially--as a participant in NATO's special nuclear planning group NPG. In the NATO council at the ministerial level, which meets twice a year--the next time on 13 and 14 December [1979]--Denmark is present to make joint decisions.

In the light of this, a Danish "no" to intermediate-range rockets at the coming ministers' meeting would be more of a break with the previous Danish atomic weapons policy than a "yes" would be. The question of placing the rockets on Danish soil has not been raised. What Denmark as well as Norway must take a stand on is the placing, starting in 1983, of up to 572 intermediate-range weapons, consisting of 108 Pershing II rockets and 464 so-called cruise missiles, in West Germany, the Netherlands, Belgium, Italy, and Great Britain.

Prime Minister Anker Jørgensen's statement that Denmark, with its own "no" to atomic weapons in Denmark, is not in a position to call upon other countries to accept such weapons could with reason be turned around to the effect that Denmark is not in a position that makes it justified in warning other countries against accepting those weapons.

In view of the interest that has been shown by the Germans in intermediate-range weapons (according to plans, all of the Pershing rockets and 96 cruise missiles will be placed in West Germany), a Danish "no" would inevitably create complications for Dano-German relations. Rightly considered, it is not realistic to assume that a Danish "no" to intermediate-range weapons in other countries would restrain the alliance from procuring

the weapons that a majority of its members consider necessary to restore--more or less--the east-west balance which has been upset by the Soviet Union's deployment, in particular, of the new SS-20 rockets.

But a Danish "no" would also be a break in the line that was taken with the Danish decision over 10 years ago to participate in the NPG. The influence that Denmark desired then and later to have on the policy of détente would be weakened if Denmark held aloof from the NATO decision or actually tried to block it. There would also be problems for Denmark in keeping its influence on the alliance's atomic weapons planning and on the guidelines that apply to the possible use of such weapons in case of war.

To this must be added the fact that the relation to the alliance would be complicated at a time when a new and long-lasting round of consultations is coming up concerning the organization of the Danish armed forces against the background of the negotiations between the Danish parties on a new defense compromise to take effect from 1981 on.

The decision on Danish defense is solely the government's and the Folketing's. But just as before the compromises of 1973 and 1977, detailed negotiations will be carried on with NATO. In view of the decline that has taken place in Danish defense and the difficulties in getting a significant increase in appropriations, these negotiations will certainly be difficult. A Danish "no" to plans for intermediate-range weapons from 1983 on would further encumber the coming negotiations.

8815

CSO: 3106



## F-16 FIGHTERS HAVE MANY PROBLEMS

Copenhagen INFORMATION in Danish 29 Nov 79 p 3

[Text] After test flights in Scandinavia, admiral concedes that changes in the motors are necessary.

For months the leadership of the Danish armed forces have tried to forestall the criticism of F-16 planes that is now being raised by the Americans.

In Danish military circles it has long been known that the controversial pursuit plane has certain weak points. Thus the Armed Forces Materiel Staff found it necessary to improve the external design of the motor after Danish and Norwegian test pilots had test-flown the F-16 under Scandinavian conditions. The plane was designed to operate under widely differing climatic conditions, but the tests did not bear out what the American plane experts promised during the negotiations for "the arms deal of the century." For that reason it is now necessary to make changes in the design of the motor, to supply the machine with a substance to prevent ice formation, and to rustproof the motor against the high salt content of the air over Denmark, as R Adm I.B. Rodholm, Chief of the Armed Forces Materiel Staff, concedes.

The admiral still says, however, that the F-16's reliability from the military point of view is unaffected by the design changes and by the criticism that has been expressed by experts in the American armed forces leadership. I.B. Rodholm has confidence that the improvements in the motor will make the 56 Danish F-16's better than those now flying in the United States.

Production of the new F-16 planes has been troubled for months by strikes among the American suppliers, but Admiral Rodholm still expects to see the first Danish F-16's at Skrydstrup Air Force Base in January or February.

Rodholm is a member of the control committee for the international F-16 program. At a meeting in Copenhagen on 27 September he was briefed by the American General James A. Abrahamson, who is in charge of the whole F-16 production, on the effects of the 5-month-long strike.

Rodholm will not deny that there will be considerable delays in deliveries of the Danish planes in 2 or 3 years. But for the first year and a half the supplier, General Dynamics, expects to be able to deliver a plane a month to Denmark according to agreement.

8815  
CSO: 3106

## DEFENSE MINISTRY DEFENDS F-16'S

Copenhagen BERLINGSKE TIDENDE in Danish 1 Dec 79 p 6

[Text] The Defense Ministry thinks that the advantages of the motors of the controversial F-16 planes greatly outweigh the disadvantages. This is clear from a press release Friday.

The statements are made against the background of reports of the debate in the armed forces committee of the U.S. Senate. The Defense Ministry says that it emerges from the debate that the motors of the F-16 planes are so small that they should be replaced as soon as possible with more advanced motors.

In the press release the Defense Ministry states that the planes live up to the three main requirements, namely the motor unit, the weight of the plane, and the fuel consumption in relation thereto.

The ministry finds that the media have relied largely on General Slay's statements about the planes' shortcomings, namely that they have not lived up to expectations in regard to durability and easy maintenance.

In addition, the F-100 motors, especially in the earlier F-15 planes, have caused problems; among other things, the motors overheated, with what is called, in technical language, stalling and stagnation. These problems have been solved in the new F-16 planes, however, the Defense Ministry says.

General Slay in his statements also placed great hopes in a new motor of the F-101 type.

According to the Defense Ministry, the general said in closing, "This comment should not in any way be interpreted as meaning that I do not regard the F-100 motor problems as serious; I do, and I am firmly determined to do whatever is necessary to solve the problems, and we are of the opinion that it is necessary to maintain a competitive environment in the aircraft motor industry."

8815

CSO: 3106

BAVARIAN MINISTER'S DENIAL OF ASYLUM TO CZECHS WORRIES STRAUSS

Strauss Fears Effect on Campaign

Hamburg DER SPIEGEL in German 26 Nov 79 pp 17-20

[Article: "Asylum Affair: 'A Critical Situation'"]

[Text] The scandal arising from the refusal to grant asylum to East bloc refugees has not only gotten Bavarian Interior Minister Tandler into hot water. By now, Minister President Franz Josef Strauss is worried that the disregard for human rights in his Free State might cast a heavy shadow on his 1980 campaign for the chancellorship.

Federal Minister of the Interior Gerhart Baum reported to the Bonn cabinet on the state of the CDU-CSU. "Hardly anything worse can happen to a conservative government than to be caught extraditing a refugee to a Communist country," he said.

Chancellor Helmut Schmidt agreed. The matter of Czechs seeking asylum and being turned back by the Bavarian border authorities, whose action was subsequently approved by the Bavarian Interior Ministry run by the CSU's Gerold Tandler, needs to be aired in the Bundestag. The whole affair, Schmidt said, is of the "utmost gravity."

The cabinet in Munich was of the same opinion. Prime Minister Franz Josef Strauss, meeting with his CSU cabinet at almost the same time, angrily called treating people who wished to come to the free West in this manner "politically unacceptable." The situation, he said, is "extremely critical."

Strauss bade his recalcitrant interior minister to stop making excuses and to tell the whole truth when he appeared before the judicial committee of the Bavarian state legislature. He was under no circumstances to characterize the extraditions as a matter concerning the subordinate authorities alone.



Tandler did as he was told. When he appeared before the legislature last Tuesday he admitted that the border authorities under his command had "turned back" to Communist countries at least nine persons seeking asylum since 1976; in addition to the two Czech citizens, Vratislav Cermak and Juraj Zilka, about both of whom DER SPIEGEL has reported, there were four other Czechs, two Hungarians and one Ethiopian.

The fact that at least some of those they turned back faced serious consequences upon their return home did not seem to concern the Bavarians at all. They were told by Amnesty International, for example, that the Ethiopian, a member of an opposition group, might be sentenced to death if he returned to his native country. They sent the Ethiopian to Budapest. From there, he was to be flown to Addis Ababa by way of Moscow.

Amnesty International, however, went to the Munich civil court and secured an entry visa for the African so that he could return to the FRG on the next flight from Budapest. "He would have been executed," Guenther Plathner, the Munich representative of Amnesty said.

Without a doubt, the Free State of Bavaria has become a mantrap for a larger number of political persecutees than Tandler was willing to admit to the legislative committee. A case in point was the extradition on 9 October 1979 of Adem Sahiti, a 26-year old Yugoslav member of the immigrant organization "League of Albanian Loyalty." The Bavarians sent him to Yugoslavia via Austria under instructions of the Unterallgaeu district magistrate's office.

It was of no help to Sahiti that the Memmingen district court had turned down the immigration service's request to issue the extradition order.

In its findings, the court accepted Sahiti's claim to being a political persecutee as a consequence of his working with the immigrant organization. The court felt that he was therefore entitled to request political asylum in the FRG.

The Unterallgaeu magistrate's office appealed this decision. In its opinion, the district court was not competent in questions of political asylum. The immigration service, for its part, did not wait for a decision on the appeal and simply had the man seeking asylum turned over to the Austrian authorities at the border. According to his Frankfurt lawyer, Helmut Rosenbrock, Sahiti has since disappeared in Yugoslavia without a trace.

In 1977, the Bavarians extradited a Croatian to Yugoslavia. His case shows just how stiff the sentences are which foreigners may receive. This particular man had been given a 3-month suspended term as a minor accomplice to an illegal arms deal in the FRG. When he returned home he was given a 15-year prison term, according to Henkel, the Bonn representative of the UN Refugee Commission.

In a letter dated 17 July 1979 addressed to Klaus Henninger, the CSU district magistrate of Lindau, Tandler admitted that there may be even more hitherto unknown cases of this sort. Of 104 foreigners requesting asylum in 1978 only 47 were given entry permits by the Bavarian border police; the remaining 57 were turned back. "The main reason for turning them back," Tandler said, "was because they were unable to come up with valid grounds for asylum."

Both the law and the constitution, however, clearly state that it is not up to the authorities at the border to decide requests for asylum. By rights the requests should have been forwarded to the federal refugee office in Zirndorf. But this is something the Bavarian interior minister refuses to accept. In his testimony before the judicial committee he would not admit that any of his subordinates had violated the constitution. Similarly, he would not admit to disregarding findings of the highest courts according to which political asylum must even be granted in cases involving possible penalties arising from a person's fleeing his East bloc homeland.

Instead, Tandler was at pains to absolve himself from responsibility in the accepted manner by saying that he was unaware of what went on.

The truth of the matter is that his ministry has been dealing with the case of the two Czechs, Cermak and Zilka, since last winter at least.

As early as 7 December 1978 the UN refugee commissioner Henkel in Bonn wrote to the Bavarian Interior Ministry calling their attention to the unlawful deportation of the two Czechs. Following a request to the presidium of the Bavarian border police on 2 July for information concerning the Cermak and Zilka cases, the federal ministry pointed out to officials of the Bavarian Interior Ministry on 30 July 1979 that they had violated the right of asylum guaranteed by the constitution.

But it was not until 4 September, following a reminder from Bonn, that Tandler's ministry deigned to reply that a "thorough investigation" had shown the "authorities concerned with the matter to be free of legal blame."

It is unlikely that Tandler's associates neglected to put both the UN representative's letter and the correspondence about so delicate a subject with the Bonn Interior Ministry before their chief. "I considered the case to be extremely important," Tandler's state secretary Franz Neubauer said last Friday. "But, precisely because the matter was so important, I was convinced that the minister knew all about it."

Tandler stuck to his guns, saying that he knew nothing of all this. He thus runs the risk of appearing to be an incompetent, unaware of what goes on under his aegis.

And last Thursday night it was the Bavarian head of government himself who came under a cloud. "I really had no idea," Strauss asserted. But, just like his man Tandler, he, too, could have known about the human rights violations occurring in his Free State long ago.

The fact is that the "Czech Aid Society" wrote to "dear Mr Minister President" on 21 December 1978, calling his attention to the Cermak and Zilka cases. The minister president's office passed the letter on to the Interior Ministry.

Wolfgang Mischnick, the chairman of the FDP Bundestag fraction, has therefore concluded that "now it has become an Affair Strauss." Either the Minister President "didn't take the letter seriously at the time (which is) further proof of his lack of sensibility for a government under law," Mischnick holds, or the letter "failed to reach its intended addressee (which speaks for) inexcusable disorderliness in his immediate surroundings."

Thus, the Bavarian candidate for the chancellorship has increasingly become entangled in a scandal which may cast a pall over his campaign and the credibility of CDU-CSU policies as such, as Strauss indicated to a group of insiders. Strauss' sorrows are well-founded. CDU and CSU, after all, base their claim for taking over the government on the contention that their political credo is founded on human rights and liberties--as opposed to the "collectivist outlook" (in Strauss' words) of the socialist-liberal coalition. The practices followed in the CSU state, however, are diametrically opposed to these lofty pronouncements.

Strauss finds himself in a particularly difficult position. Should he drop Tandler to cut his political losses, the CSU chairman might raise doubts concerning his steadfastness among his own adherents.

But if he holds on to Tandler, his government will have to continue carrying this liability. And the longer Strauss protects his Interior Minister, the more he becomes an accessory to his wrongdoings.

As it is, Strauss is running the risk of Tandler's continuing to make stupid mistakes. Whatever the interior minister has undertaken to extricate himself from the affair, has done him nothing but harm.

As recently as a week ago last Sunday a Tandler spokesman tried to make light of the SPIEGEL report on the deportation of Cermak and Zilka. "The legal opinion of the Federal Administrative Court cited by DER SPIEGEL according to which the threat of punishment for fleeing Czechoslovakia illegally offers sufficient grounds for granting political asylum was handed down on 21 November 1978 and on 24 April 1979. At the time in question the authorities could not have known about it," he said.

Not so. Tandler's ministry failed to say that there had been a series of similar decisions prior to this. On 29 November 1977, for example, it was held that a person requesting asylum no longer need prove his political opposition to the regime in his native country.

"As for determining whether a given political stand will lead to persecution," the court said, "the rules set down by the persecuting regime will

apply." One such example would be the threat of punishment for leaving the country illegally.

On Tuesday Tandler came out with the statement that the two Czech citizens had "registered with the immigration service in Straubing without requesting political asylum" as far as he knew. A confidential telex by the responsible border police inspectorate (PI) at Freilassing, however, said: "On 12 October 1978 they registered with the PI Straubing and asked for political asylum."

And last Friday the Bavarian Interior Ministry issued a "legal brief" which stated: "Cermak and Zilka made no mention of anything to lend support to their being subjected to political persecution by the state."

In the brief Tandler chose to include the following transcript of the interrogation of the two by the Freilassing inspectorate on 14 October 1978 which, if anything, does testify to the political plight of the two refugees. Herewith, an excerpt:

Cermak: I was not in agreement with political conditions in the CSSR. At my place of work I made no bones about this. The plant management asked me repeatedly to join the Communist party. But I refused categorically and this was the reason I was fired without notice.

I would like to say that I was employed by a state-owned automobile repair shop in Plzen at that time. My father, who is a convinced communist, obtained a court order to have me removed from the apartment we then shared. Since then I have been working as a day laborer and living in a rented room of the lowest category. I wanted to put an end to this state of affairs. As a non-party member I wouldn't have been able to find a decent job anyway and so I decided to leave the CSSR....

I was not exposed to outright political persecution in the CSSR. But I had every reason to fear being denounced to the police because of my criticism of the communist party at my last place of work in Plzen. I could also expect my father to denounce me....

I left the CSSR for the reasons I have mentioned. I would like to stay in the FRG in order to work and to live here. If that cannot be done, I would ask you to help me emigrate overseas.

Zilka: I was subjected to constant discrimination in the CSSR. I was dissatisfied with the political conditions there. I said what I thought at my place of work



and elsewhere. I was employed as a designer at a state-owned electronics plant. Since I was not a member of the communist party, my superiors repeatedly urged me to join. When I refused, I was transferred to another department, where I had to do work not corresponding to my qualifications.

On the other hand, I tried to obtain an exit permit to to to Austria. My request was turned down without any explanation. Under these circumstances I no longer wanted to stay there. I decided to leave the country by some other permissible means...I was not subjected to outright political persecution in my native country. But I did have reason to expect being denounced to the police in view of the fact that I was considered politically unreliable at my place of work. As far as police matters go, I had no problems back home.

I would like to request political asylum here in Germany; but if I can't stay, I would try to emigrate to America. I would not want to return to the CSSR until conditions there had changed.

At length, Tandler concocted a story according to which the two refugees might even have been spies. As proof Tandler offered the fact that the two had met with a fellow Czech named Burianek, who had voluntarily returned to the CSSR soon after the other two had been deported. The Federal Office for the Protection of the Constitution in Cologne takes issue with Tandler's contention. "Nothing is known here," it said, which would indicate that the two were engaged in espionage activities.

Just the same, until the end of last week neither Tandler, nor Strauss were willing to admit openly that constitutional and existing legal provisions had been violated within their sphere of influence. The "News Release to the Media" still stands in which the Interior Ministry characterized the affair of the two Czechs as follows: "The authorities concerned (the Straubing immigration office, the district magistrate's office for the Berchtesgaden area, the Laufen district court) cannot be accused of having violated the law."

If Tandier and Strauss stick to their guns and fail to change the ways of handling asylum requests, the affair might soon take on a new and much larger dimension. The Federal Interior Ministry in Bonn laid the groundwork last week for a cabinet decision to institute federal proceedings against the Bavarian Free State.

If this came to pass, Article 84 of the Constitution would become operative for the first time since the FRG was founded. "If the federal government determines that a province is not properly executing a federal law and fails to remedy this situation," the article states, "the Upper House

of Parliament, pursuant to a request from the federal government, will decide whether the province has violated the law. The decision of the Upper House may be appealed before the Federal Constitutional Court."

Rather a bleak prospect for the CDU-CSU's candidate for the chancellorship--his predilection for judicial proceedings notwithstanding.

#### Commentary on Refugee Situation

Hamburg DER SPIEGEL in German 26 Nov 79 p 18

[Commentary by Erich Boehme: "Bavaria's Divisible Liberty"]

[Text] "Political persecutees enjoy the right to asylum." And: "If anyone's rights are violated by the authorities, he has recourse to due process."

Such are the provisions of the FRG's Basic Law, which applies to everyone. Unless, of course, he happens to be in the Bavarian Free State, the German alpine republic governed by a 59.1 percent majority which believes in "freedom as opposed to socialism" or "freedom as opposed to collectivism."

And in this topsy-turvy world it is Interior Minister Gerold Tandler who holds office. He considers it politically unwise and somewhat reprehensible from the standpoint of humanity, but generally and basically proper to drive whole packs of refugees seeking asylum back across the border into the East bloc like cattle without instituting the appropriate procedures and without observing their legal rights. Tandler's men call it "remanding" the refugees to the Czech authorities. Once back in the East bloc, the refugees are sure to be imprisoned--an inhuman practice so much anathema to Tandler's chief, Minister President Franz Josef Strauss, that he elevated the fight against it to a central position in the CDU-CSU ideology.

This is the candidate for the chancellorship who has himself photographed together with the GDR conscientious objector, Niko Huebner, and a check for 10,000 marks from the Germany Foundation, if it seems like the thing to do. And he is also the man who joins up with his pasty-faced interior minister to declare war on asylum seekers as though he were about to have Bavaria's professional exterminators get rid of an invasion of household pests.

One can just imagine how much of a hue and cry the CDU-CSU crowd would have raised if they had been able to pin but one affair of the kind in which Gerold Tandler is now involved on Brandt or Bahr, the champions of Ostpolitik, whom they accused of selling out the West, or for that matter, on the chancellor himself.

In this particular case, all one could hear, just barely, were the slaps the Bavarian minister president gave to his woefully miscast underling behind the closed doors of the cabinet. The reason being DER SPIEGEL's revelations, extremely inopportune from the standpoint of the campaign,

concerning the deportation of two Czechs of unblemished character who stood to be sentenced to long prison terms for having fled to what they supposed would be freedom in Bavaria.

These slaps didn't leave a mark on the Bavarian interior minister's face, nor will they change conditions in Bavaria, which are what they are, but which one can well do without in Bonn. In Bavaria, at any rate, liberty is divisible. Will the man from Lower Bavaria who is impersonating a cabinet minister have to take the consequences? Not likely. He has quite a history of dodging his responsibilities.

When it became known that Israeli intelligence agents were interrogating Arab members of the PLO being held in Bavarian jails, word was that the Federal Intelligence Service, that is to say Bonn, had acted as a go-between for the gentlemen. What business was it of Tandler's? Just a reminder: These particular interrogations, during the course of which an Israeli is said to have made an Arab take part in a murder plot, were the responsibility of the Bavarian Land Criminal Police Bureau, whose chief is Interior Minister Gerold Tandler (CSU). The criminal police were acting in support of the Prosecutor's Office, whose chief is Justice Minister Karl Hillermeier (CSU). And the chief of both of these is Minister President Franz Josef Strauss (CSU).

When Federal Interior Minister Baum called his Bavarian colleague's attention to the fact that the border police had been guilty of human rights violations, the letter was mislaid by a subordinate, Tandler says. And when Baum followed up his July letter with a personal message in October, Tandler called the deportation legal. And when the scandal became public and Strauss, full of dark foreboding, saw fit to chastise his interior minister, the entire matter took on the proportions of a most regrettable breakdown.

Does this include seven additional instances which have since come to light and been admitted? And what about the "Czech Aid Society" notifying the minister president as long ago as December 1978 of the constitutional violations?

Bavaria being Bavaria, such affairs are neither put to rights, nor are they faced courageously. They are not really faced at all. Franz Josef Strauss will simply continue to live with the man who stands to compromise him. And, he will not have to go on a pilgrimage all the way to Altoetting to enjoy the looks of Tandler's features. The two of them will stick together.

9478

CSO: 3103

## BAVARIANS MAY ALSO HAVE TURNED BACK GDR ASYLUM SEEKERS

Hamburg DER SPIEGEL in German 10 Dec 79 p 34

[Article: "Quite Dumbfounded"]

[Text] It may be that GDR citizens as well are turned back at the borders of the CSU Free State of Bavaria. In any case, refugees occasionally meet with chicanery.

Franz Josef Strauss spoke broken German: "Brother Hassan wake me in night, tomorrow kaputt, police, you get away." This is how the Bavarian minister-president made fun of the often well prepared "stereotype language" in which foreigners report to Bavarian border posts.

However, such "abuse of the right to asylum" by "commercially organized travel groups" from Pakistan, Turkey or Lebanon was not being tolerated at the white-blue borders. Deportation in such cases, according to Strauss, is an "international practice" which is also "practiced with great severity" in Bavaria.

The only exceptions the strict ruler was prepared to make were refugees from the GDR and the Eastern bloc, because their "persecution begins with the attempt to leave the country or attempted flight."

The local Bavarian border police are hardly affected at all by such sovereign magnanimity, however. Contrary to the unequivocal legal situation, in which, according to the Basic Law, GDR citizens are considered Germans and are free to enter the country, a number of border officials apparently also try to shoo away East German refugees at the border.

After a flight of more than 10,000 kilometers through Poland, the Soviet Union, Hungary, Romania, Bulgaria, Yugoslavia and Austria, for example, a couple of refugees on 15 December 1977 reached the Schwarzbach border crossing at the Salzburg-Munich autobahn.

The official on duty immediately waved the car with GDR plates aside and then led the passengers into the office. They were track-and-field athlete



Renate Neufeld, then 19, from East Berlin and her fiance, Pencho Spassov, television journalist from Bulgaria.

The passports were photographed, and on a map the couple had to explain its route of flight. After this superficial check, the Bulgarian was turned back with the words, "We have enough foreigners here as it is," and as for his fiancee, it also probably was "better if you go back," because, the official said, "after all, you still go to school."

Even after Spassov had pointed out the standard article of the Bulgarian penal code according to which flight and aid in flight were punishable with imprisonment of up to 15 years, there were "no noticeable conclusive grounds for asylum" as far as the border police were concerned. And when the athlete showed her gold medals and the dope she had brought from the GDR, the Bavarians only waved her off wearily, saying, "That does not interest us at all."

Despite the fact that because of her flight she had overstayed her leave by a fortnight, the athlete was advised by the Bavarian border policemen to return freely and as if nothing had happened to her state sports school in East Berlin, because her passport had "not been stamped" in the countries she had touched in her flight.

The two refugees had to turn around. Only after they had alerted friends in Munich and West Berlin, asking for their assistance, did they manage to enter the country at a different border crossing the next day. This happy ending, however, does not rule out the possibility that less stanch persons capitulate before the gruffness of the Bavarian border police.

The case of a GDR refugee being turned back, however, would completely expose the double standard of the Free State--even more so than the deportation of the two Czechoslovaks seeking asylum whose case will be dealt with shortly by a parliamentary investigating committee.

For one cannot, as the Free State of Franz Josef Strauss is doing, make a case for all of Germany before the Federal Constitutional Court, tolerate in school atlases only maps with the 1937 borders of the German Reich, honor GDR military service objector Niko Huebner in the offices of the minister-president and heap money and treasures on prominent refugees such as those in the balloon--and at the same time secretly send home at the borders the nameless or supposedly nameless ones.

The destinies of refugees that cannot be exploited immediately by current politics in Bavaria, incidentally, are left to a rather rough bureaucracy even after entry. The athlete Neufeld, for example, who had been treated with dope in East Berlin to a point where finally she started growing a moustache, was refused a refugee ID in Bad Aibling because other top athletes from other countries also had to take dope. She therefore was "not in special straits caused by the political situation."

The fact that Renate Neufeld in the end got her refugee ID may suit Minister-President Strauss and his minister of the interior, Gerold Tandler, as nicely as the fact that she almost prevented entry by her and her fiance occurred a year before the Strauss-Tandler era.

Yet the bad experience with the illegally deported Czechs has not yet changed the manners of the Bavarian border police either.

Late in August, for instance, furnace builder Guenter Janke, 32, accompanied by his wife Gerit and his son Mark, after a dangerous flight through the Balkans arrived with his Trabant station wagon at the Schwarzbach border crossing at 2145 at night. The border policeman on duty right away waved the arrivals in their wobbly vehicle to the parking area, saying, "Aha, a GDR Mercedes!"

In the office of the border police chief (Janke: "the most overbearing of all") the refugees from the GDR were almost made to feel at home. They remained silent at the dialog of the officials: "Of course, they may also be spies"--"yes, we had better turn them back again immediately."

With the help of friends from the FRG who came running during the night, the Janke family then also managed to overcome the Bavarian barrier. The alerted higher offices, Janke thought, were "quite dumbfounded at not having been informed." On the other hand, refugee Janke to this day has no use for the discourteous local border people: "That is some bunch--Who knows what other refugees may have to go through there."

8790

CSO: 3103

## FDP SEEKS ROLE AS 'THIRD FORCE' IN POLEMICAL CAMPAIGN

Munich BAYERNKURIER in German 24 Nov 79 pp 1, 2

[Article by Thomas Engel: "State of the FDP--State of Emergency Everywhere"]

[Text] The Bonn FDP leadership may well be looking back wistfully to the time when the party still exhibited liberal features and was not in the habit of acting along liberal-socialist lines; when it was still independent and not merely a coalition party; when it didn't have to be afraid prior to each election of not being able to garner the five percent of the vote necessary for representation in parliament. But for the FDP the good old days are the days of long ago. More and more often the liberals have had to pull the political emergency brake and each time they did their image at the federal as well as the Land level suffered accordingly. During the past few weeks there were a number of such instances.

There is no point denying the fact that Franz Josef Strauss and Helmut Schmidt are the symbols representing the differing political programs and convictions between which the FRG must choose in the short run as well as over the long term. The public would therefore be entitled to have the two men appear on television and conduct a thoroughgoing debate. FDP Chairman Genscher balks at this; he is afraid his party would "get lost in the shuffle" in the process; it would, in effect, no longer catch the public eye. From a purely formal point of view Genscher may be right in contending that a "candidate for the chancellorship" does not begin to exist until the president submits a name to parliament after the election. Before that, one can only speak of several possible aspirants. Well and good--but what political weight can be attached to formalistic considerations of this kind?

How to reconcile this excuse, this bit of evasion with the political claims this handmaiden for SPD majorities likes to make? And as for the chancellor, who let it be known he was ready to take part in the debate with the CDU-CSU top contender, he had to shut his trap to make sure the coalition doesn't come apart at the seams. And so, CSU Secretary-General Stoiber was perfectly justified in asking how healthy the coalition might be, if Helmut Schmidt may not or cannot appear on television without Genscher.

FDP despondency in Bonn is matched by FDP despondency in Duesseldorf. The surprise ouster of the ailing Land Party Chairman and Economics Minister Riemer was a sorry affair. The party leadership went on the assumption that the approximately 25,000 members of the party organization concerned would approve of the decision "in a body" even if there was no intention of "informing them until afterward." The only one who appears to have behaved like a gentleman in all this was Riemer himself. He accepted the decision, laying down his official duties without a word and exercising party discipline. It is sheer mockery for Riemer's colleagues to sing his praises a few short days after giving him the boot--need we say more about the peculiarly "liberal humanism" underlying this political execution. Interior Minister Hirsch, who retained his post, called Riemer a "political power factor the liberals will continue to rely on." And the head of the FDP caucus in the Duesseldorf Landtag, Koch, who spoke of Riemer as a "security risk" just recently, made a big to-do about Riemer's continuing to serve as a "valuable member" of the fraction.

Since the FDP, because of its political maneuvering over the last few years, has been unable to convince the electorate and has slipped down toward the five-percent vote limit, in some cases even below it, it suffers from a wasting disease which affects its staff--or is undergoing a thinning-out process, as it has recently been called. How else to explain that Ingrid Matthaeus-Maier has taken over as chairman of the finance committee of parliament from Lieselotte Funcke, vice-president of the Bundestag, who now heads the Duesseldorf Economics Ministry. Thus, one of the most important parliamentary committees is now being run by a deputy with only 3 years of legislative experience who, for that matter, has gained much more of a reputation for her radical views as a member of the FDP youth movement than for her fiscal expertise. There are reservations aplenty in Bonn about her appointment, shared among others by members of the FDP caucus itself.

Now, if the FDP lacks political independence; if it would like to play the role of a "third force" but can't; if the party has a difficult time filling the posts conceded to it, as the record shows, then FDP Secretary-General Verheugen must look for whatever focal points he can find around which FDP policy or some semblance of it can revolve. By not permitting its coalition partner, the SPD, to face the electorate in a Schmidt-Strauss television debate, the FDP tries to offer itself as an alternative. The campaign slogan, Verheugen says, is "FDP or Strauss." You can't get any more desperate than that.

9478

CSO: 3103

## SCHMIDT DOMINATES PARTY CONGRESS, COWS OPPOSITION

Hamburg DER SPIEGEL in German 10 Dec 79 pp 26-27

[Article by SPIEGEL reporter Juergen Leinemann: "'Not Every Victory Represents a Gain'"]

[Text] It really is astounding how invariably harmonious and almost companionable things look on television when the chiefs at the executive table, with thin lips, raise and lower the corners of their mouths. But at the same time they stare past one another, and their hands, often both, are clenched as if they wanted to protect themselves from each other. Astounding and frightening.

In Berlin, at the Social Democratic Party congress last week, Chairman Willy Brandt, in fact not only elicited the barely concealed sarcasm of his deputy, Federal Chancellor Helmut Schmidt, but caused a number of people to nod in agreement when he voiced the wish for "a political climate of warmth and friendliness" among his comrades, transplanting words like "relaxed," "happy," "humane" and "merry" from another world into the giant hall of operations of the Berlin Congress Center. There they withered miserably.

Perhaps this could not be otherwise, what with symbolic figures like Brandt, Schmidt and Herbert Wehner behaving toward each other as if they were moving around in a cold-storage area. Functioning well, to be sure, and also involved and, of course, immaculate in their courteous manner, but devoid of any heartfelt gesture.

The comrades in the hall admitted freely that they felt "somehow cut off," as if they were "not quite there"--in other words, "lousy." Peter Conradi, the Stuttgart Bundestag deputy, went so far as to say that the term of "division" did not only apply to the discussion but should be interpreted literally: in the hall everyone was "divided"--sitting by himself on an excellent chair with gliding tracks and folding parts, made only for listening and shutting up.

The comrades, however, like to dispute the fact that there is fificance to the doggedness of those discharging their duties at the top, on the one



hand, and to the discomfiture below, on the other. They point to an understandable reserve after many years at the top, to differing temperaments, or resort to a question of their own, asking whether personal detachment does not facilitate cooperation as far as substance is concerned.

After all, things really were going very well--in fact, had been going well for a long time--and there was really no need to fear comparison with the constant slaughter going on in the CDU/CSU.

That is true. But also correct is Willy Brandt's realization that political standards also receive their mark from "the manner in which we behave toward one another." The fact that things are not what they should be in this regard hereabouts was not disputed; in Berlin it became the No 1 subliminal topic, concealed behind substantive discussions about peace and armament, nuclear energy and development aid.

Porcelain industrialist Philip Rosenthal apologized for being so bold as to remind the comrades of a trite fact, that "one of the big social problems of our time is the lack of contact, the feeling of anonymity, the feeling of not belonging any longer."

As far as Minister of Defense Leber is concerned, it is a fact that "millions of people today with a new urgency put questions about the meaning of things. And, according to former Minister Marie Schlei, it has to be the task of politics "to prevent anonymous institutions, anonymous bodies from causing the kind of automatism which we cannot see through any more and therefore also cannot stop any longer."

The feeling that this state of affairs had long since been reached in the party and society, that this was where the real roots lay of the green, varicolored and gray fears, was just as universal as the helplessness and the loss for words vis-a-vis this development.

The gentlemen at the chiefs' table pushed these fears and doubts of the comrades below the surface in two kinds of ways. For one thing, the established government socialists used a reassurance litany to the effect that, as far as the young generation disinterested in the SPD and politics in general was concerned, it was a case of "mere flight" (Helmut Schmidt), of "bourgeois boy scouts" (Horst Ehmke), of people who simply did not ask the right questions (Holger Boerner).

For another thing, they varnished their own style with a little humanity--the chancellor, for example, saying that he wanted to organize "some real action" and suggesting to the Juso's that they should improve the "quality of life for seabirds in the tideland, or Egon Bahr at least giving assurances that the latest SPD posters were "representing people as human beings."

But these attempts to sell the "human element" postulated so nicely by the chancellor earlier are all the more unlikely to catch on as no headway was

made at all with humanity in dealing with one another and particularly with the greens in their own party.

Thus Palatinate delegate Helmut Kohne in bitter tones reported about party friends who "in the past 10 years have gone to seed not only politically but personally"--without any reaction.

Thus Norbert Gansel, who voiced his anger about not enough work having gone into a party congress document, was brushed off rudely by Minister Antje Huber, who asked that "the discussion about whether or not someone is angry be broken off."

And when in the disarmament debate the "simple delegate" Heinz Eikelbeck, chief mayor of Bochum, asked the experts what in fact "cruise missiles" were, he was first promised an expert's explanation, but then this did not prevent Alfons Pawelczyk, SPD Bundestag expert, from continuing with prepared statements rather than giving the information.

Not everything was purposely unfriendly or mean in Berlin. It was only that the ritual of communication was never allowed to be interrupted--and this is the very thing that so many citizens today dislike about the established, self-satisfying, parceled-out Bonn politics. And since hardly anyone any longer takes the trouble to depart from the routine of the experts, the detailed discussion in the "peace" committee, for instance, was bound to have a supercilious and hypocritical effect on outsiders--because disarmament through rearmament, particularly when sold as expert logic, will appear logical only to politicians.

It happened that the experts from Bonn had a great deal to say in Berlin because they had to conduct the government business and to imitate Helmut Schmidt, whose sharp "one must not look at it this way" style put its stamp on all the debates. His reelection, in light of the Strauss alternative, being taken for granted even by the most recalcitrant delegates, he imposed not only decisions on issues on the party congress.

His "conformism is not for me," his "whatever they do or fail to do, the members of the government have to answer for," his "the only thing permitted here is carefully considered judgment" and, finally his bombastic citing of conscience, fellow man, God and Christian ethics increasingly excluded the right to protest.

On Wednesday [5 December] the Berlin SPD paper BERLINER STIMME published the following realization by a "Comrade X": "One thing I understood at any rate. I don't really matter all that much, because we have people in the government who reconcile everything, whatever is to be done or not to be done, with their conscience."

To this extent, anyway, it was an honest party congress--that is, the congress of a party in power. Not only did the chancellor boast, at an event held on the fringes of the party congress, that "it is not enough

that one wants peace, one also must be able to see to it," but Finance Minister Hans Matthoefer, speaking like a government minister, explained to his party's development politicians what the score was, saying that they should put the idea of more development aid right out of their heads; "it just isn't on."

In fact, nothing was on--not on the surface. But in those 5 days in Berlin, a number of people may have lost their final illusions.

On Monday not even the cocky Schlesig-Holstein delegate Hilmar Zschach dared make himself the spokesman of those young and critical people outside the party for whom the SPD is "now nothing more than a government party," saying that this was not something he felt he had to do.

By Thursday evening, following a premidnight showdown with Erhard Eppler and after the crumbling of the leftwing at the election of the executive, there was no longer any doubt but that Schmidt regards the party as the instrument of his government and nothing else. Eppler's softly spoken comment: "After all, not every victory also represents a gain."

Even those who like Eppler at least understood "the language" of the disappointed ones had been deprived by Schmidt and his people of any arguments which they might be able to use vis-a-vis those whom the party may be losing.

Juso Chairman Gerhard Schroeder, who in the morning had still wondered how he might be able to launch an appeal to the outside via the party congress to the effect that despite everything the SPD was also the party of the greens and the grays, gave up by nightfall. He said: "I feel as if I were in a cage. If I shake the rods agreeably, I will get a banana; if I shake them disagreeably, the chancellor will send me to a holm to tend to wagtails."

8790

CSO: 3103

## CDU RHINELAND CONGRESS PLANS LAND ELECTION FIGHT

Munich BAYERNKURIER in German 24 Nov 79 p 3

[Article by Karl Friedrich Grosse: "Ready for a Changing of the Guard"]

[Text] The CDU Land organization in the Rhineland, numbering 132,000 members, is the largest of any of its regional groupings. A joint presidium with the second largest Land organization, that of Westphalia-Lippe, links up a total membership of 250,000 in the area the British occupation forces designated as North Rhine-Westphalia in 1946 and which later became a Land of the FRG.

In this area the SPD, too, boasts four of its most solid districts. It was able to elect such luminaries as Brandt, Schiller, Arendt and Heinemann to Bonn via the Land slate and the CDU land organization Rhineland not only served to pave Konrad Adenauer's way into the CDU-CSU. A number of others started their political career here, too: President Heinrich Luebke; Georg Schroeder, Rainer Barzel, Theodor Blank and Wilhelm Luecke, all of them cabinet ministers more than once and the education specialists Paul Mikat as well; the two secretaries-general Kraske and Biedenkopf and the former social expert Karl Arnold. Franz Meyers, the long-time "father of his country," was a success as federal campaign manager, too. And 10 years ago a new man, Heinrich Koeppler, came from the Rheingau to Duesseldorf via Bonn. He will be running for the office of minister president of North Rhine-Westphalia and its 16 million people for the third time next May.

Twice thwarted by the strongest FDP Land faction in all of Germany in his attempt to assume the premiership, Koeppler has nevertheless become the best known political figure in the Land because of hard work and honesty as leader of the opposition in the Landtag. Last Friday, he got his reward at the 33rd Land Party Congress, the last one prior to the Land elections 6 months hence. Supported by his campaign manager, Prof Kurt Biedenkopf, Koeppler was reelected by the greatest majority ever--90 percent of some 500 delegate votes. Konrad Grundmann, Karl Lamers, Margarete Verstehen, Horst Waffenschmidt and Herbert Koehler (treasurer) were named as his deputies.



Bavarian Prime Minister President Franz Josef Strauss spoke to the 1,000 participants of the need to place German policies within the context of current and future international events with a view to the upcoming election year. Prior to Strauss' speech, Kurt Biedenkopf had delivered a biting commentary on the tottering SPD-FDP Lang government.

Koeppler described the Duesseldorf government as a "cabinet of (Bonn) puppets without a bit of pride or individuality" and Biedenkopf said that it had turned into a branch office, a political satellite of the coalition firm of Schmidt and Genscher since Riemer's ouster. Minister President Johannes Rau, he said, received instructions by car telephone from Genscher to make Interior Minister Dr Hirsch his deputy and Mrs Funcke his economics minister without further ado. The North Rhine-Westphalian public, Biedenkopf said, is flabbergasted by the "political scandal of Riemer's execution."

Koeppler and Biedenkopf, often termed rivals by their political opponents, were loudly acclaimed when they professed their friendship and comradeship for each other. As to the internal structure of the party, Koeppler said that the Rhineland CDU had made a contribution to quickly stabilizing the CDU as a whole by exercising discipline and cohesiveness. Thus, all attempts to sow dissension and discord internally were doomed to failure. Among other things, lies had been spread about a precipitate drop in membership. The provincial party organization has in fact "lost" about 1,000 members, as it did last year, as a result of the annual summer check of membership rosters. But, while the SPD and FDP have not registered any gains for years, the CDU membership increased by almost 1,000 last fall.

Heinrich Koeppler, the reelected Land chairman, cited the successes of recent years as an explanation for this development: The absolute majority in the federal assembly; the strongest fraction in the Bundestag and in all Laender except Hamburg and Bremen; the highest number of votes ever in North Rhine-Westphalia in the election to the European Parliament; the greatest rates of growth in metropolitan areas; the best election result ever in communal elections--the Rhineland CDU won 7 of the 14 lord mayor's and 12 of the 13 district magistrate's posts.

As for current campaign issues, this particular CDU organization native to the greatest urban agglomeration in the FRG may justly point to the fact that Meyers and Grundmann as much as 15 years ago created both the first emission control law ever and the first provincial scientific institute for environmental protection.

Which is another reason why the CDU neither wants, nor needs to wage an "all-out battle" in this election campaign. The delegates again broke into loud applause when Koeppler attacked the SPD and the DGB for urging the creation of comprehensive schools, a project he called "neither ready for serial assembly, nor for serial production." He asked instead for calmness and caution on the education front and not for reckless bureaucratic experimentation, but also assured the parents of children attending comprehensive



schools that their decisions would be respected. The 11 May election, Koeppler feels, is the last opportunity for establishing an orderly policy in education and in radio and television. In his view, the West German Network (WDR) should excel in even handed journalistic output and should not play host to a variety of programs running a campaign of their own under the motto of "let's get the rightists." WDR will have to adapt new trends in the media and the competition with privately-owned broadcast organizations operating under a public charter.

There was agreement at the party congress that "genuine chances for winning" the election do exist. Franz Josef Strauss' purpose in coming was to lead the delegates and their guests away from their mostly parochial frames of reference into the larger arena of world politics. This was in agreement, as in the case of the Rhineland Konrad Adenauer, with Otto von Bismarck's dictum that viable interior and social policies are the indispensable prerequisite for a foreign policy designed to keep the peace.

9478

CSO: 3103

## SPD LEFT EXPERIENCES DEFEATS AT PARTY CONGRESS

Hamburg DER SPIEGEL in German 10 Dec 73 pp 24-25

[Article: "Stab in the Back"]

[Text] Following its defeat at the election of the executive at the Berlin party congress, the SPD leftwing has engaged in strong self-criticism.

Shortly before midnight the left of the SPD party congress gathered under the groined vault of the Charlottenburg Rathskeller. There--normally the place where the Klimperkasten cabaret sees to the amusement of the customers--there was nothing to laugh about following the almost 13 hours of consultations at the Berlin Congress Center.

Almost nostalgically, Bundestag Deputy Karsten Voigt reminded the comrades of times past. In 1973, he said, at the party congress in Hannover, "we celebrated all night long in a hotel near the railway station." This time, the former Juso [Young Socialists] chief said, "someone really ought to stand at the entrance and collect all the knives and revolvers."

The mood had been spoiled since the election of the party executive in the afternoon. Six years after its defeat in Hannover, the party rightwing gathered around party worker Egon Franke and former deputy chairman of the party in the Bundestag Guenther Metzger had taken its revenge. With a personnel proposal of its own, which it had only come up with at the congress, it had removed not only South Hesse District Chairman Rudi Arndt but Bonn parliamentarian Wolfgang Roth from the SPD leadership.

Those engaged in the post-mortem in the rathskeller sought the blame among themselves. "We behaved like amateurs to a point where we no longer deserve being called the 'traditional left,'" groaned Bundestag Deputy Norbert Gansel.

In fact, according to former Juso chief Heidi Wieczorek-Zeul, the leftwing had "ignored the most basic rules of electoral arithmetic" after the first round, with five leftwing and three rightwing candidates competing for the three executive vacancies remaining to be filled.

Instead of concentrating on only three candidates in order not to split its votes, the left sent all five into the second round. The result: They only got their Herta Daeubler-Gmelin through, while the right scored with party congress delegate Erika Wagner from Hesse-North and Bundestag Deputy Brigitte Traupe--a "little mascot of the party workers," according to her fellow Deputy Juergen Egert.

Analyzing the defeat of the left in the Charlottenburg Rathskeller, the defeated Bremen youth senator Henning Scherf said that he personally had thought that he and Rudi Arndt should withdraw after the first round. Arndt had agreed as well, but then the South Hesse delegation had insisted on the candidacy of the former Frankfurt chief mayor. Scherf: "So I said to myself: Now you will stick it out too, because you based your candidacy on issues."

In fact, as far as issues were concerned, the SPD leftwing loosely united in the so-called Frankfurt circle had put up a brave fight. In the fiercely disputed main topics--followup armament and nuclear energy--they time and again compelled Chancellor Helmut Schmidt and a number of members of the government to take the floor and intervene. Moreover, in critical decisions they managed to get 40 percent of the delegates' votes with their alternative proposals--a total aimed at as a mark of success already before the party congress. Full of self-praise, the former president of the Free University of Berlin, Rolf Kreibich, remarked: "Our contributions on issues were fantastic."

But in light of the election debacle the results concerning accomplishments in the discussion became secondary. The Charlottenburg cellar dwellers blamed one another. Thus former Juso Vice Chairman Johano Strasser reprimanded the Berlin senator for construction, Ristock, who had been reelected to the executive, saying: "Harry, you did not make a contribution on a single issue." The veteran leftwinger defended himself wearily, saying: "In the Frankfurt circle I always considered myself to be a moderator rather than a spokesman."

Heidi Wieczorek-Zeul even claimed that there had been defectors in their ranks. In the case of Wolfgang Roth, she suspected, "some of us wanted to even old accounts." The deputy to the European Parliament went on: "If one has any trouble with Wolfgang, the thing to do is to discuss the matter with him and not to stab him in the back."

The comrades were, however, unable to agree about Roth (who, greatly depressed, was staying away from the nighttime encounter). Whereas Gansel cited his colleague from Juso times "en route to the right," the Hamburg free spirit Duve said mournfully: "Wolfgang is a great loss for us."

So it was a relief that only good things were said about the two standard bearers of the movement, Henning Scherf and Baden-Wuerttemberg party Chairman Erhard Eppler. "Erhard," said Karsten Voigt full of admiration,

"is one of those who, on the basis of their contributions on issues, enjoy credibility beyond the confines of the party." Similar praise went to Scherf, who, according to Strasser, "exposed his head in all questions, while many another person preferred to keep his covered."

All self-criticism about the wrong election tactics notwithstanding, the man from Bremen also did not see any reason at all for going "back to one's Land with one's head bowed or in a mood of resignation." He does, however, consider it necessary to reorganize the Frankfurt circle.

The times of "chaotic plenary assemblies" attended by whoever had the time and inclination are now said to be past. In the spring of 1980 Scherf would like to form a coordinating committee on which every SPD district with a leftist majority plus the working groups of the Young Socialists and women would be represented. The hoped-for result is to integrate the leftwing members of the party into the decision-forming process in a better way than in the past.

It appears doubtful, however, whether such organizational maneuvers will be able to mend again the alliance of the left center founded in Hannover in 1973 and seriously cracked in Berlin. For the failure to elect Wolfgang Roth showed that the coalition of staunch and moderate leftwingers, heretofore seldom so successful when it comes to issues, founders on its emotions when it is a question of lifting its own candidates into party posts and then also supporting them when they have gotten somewhere.

The only consolation remaining for them is Eppler's hope that some day the left "anti" positions, such as in the case of the Berlin votes about armament and nuclear energy, will get a majority in the SPD.

8790

CSO: 3103

## MAOIST PARTY OPERATES ECONOMIC FRONTS TO GET FUNDS

Hamburg DER SPIEGEL in German 10 Dec 79 pp 28-29

[Article: "Money the Guiding Factor"]

[Text] The Maoist West German Communist League [KBW] splinter party has managed to amass a fortune amounting to millions--with a group of capitalist enterprises making money off KBW members.

When functionaries of communist groups formulate their political positions and principles, they invariably sight the same enemies--the "bourgeoisie" and "capitalism." Hence the program of the KBW states that "social revolution eliminates private ownership of the means of production" and "transfers them into the ownership of society."

The society they mean has its offices at 127 Mainzer Landstrasse in Frankfurt and functions as a Kommanditgesellschaft [KG--limited partnership]. The Kuehl KG (capital invested: DM 505,000) takes part "in normal commercial life," states Hans Gerhard ("Joscha") Schmierer, secretary of the KBW Central Committee. It operates exactly like one of those capitalist concerns which the KBW really would like to abolish: "Accounting is done according to the principle of goods for money."

During the time when the West German economy suffered under the recession, the Maoist sectarians, whose Central Committee makes up all 12 partners of the Kuehl Communism and Class Struggle Publishing Company KG, blossomed into the wealthiest communist group in the republic. In combination with three affiliates, the enterprise last year had a turnover of not quite DM 7 million, so far amassing a fortune of about DM 10 million.

This is how rich this group of West German Maoists is, which was only founded in 1973 and whose not quite 2,500 members are organized in innumerable cells, 38 district organizations and three regional organizations. Under strict control of the Central Committee, the KBW activists, judged to be "especially militant" by the Office for the Protection of the Constitution [VfS], want to smash the "bourgeois state



apparatus" and achieve a "proletarian dictatorship" by "force of arms" through "social revolution."

Where the millions of the miniparty (Bundestag election result in 1976: 0.1 percent) come from is kept secret by the KBW. It appears certain, however, that it is primarily the members themselves who with their labor and money fill the coffers of the KBW and Kuehl KG.

In addition to the main KBW building in Frankfurt (purchase price DM 2.7 million), Kuehl KG owns real estate at 159 Oranienstrasse in Berlin, at 261a and 263 Groepelinger Heerstrasse in Bremen and at 21 Kleine Rainstrasse in Hamburg. KBW firms have acquired printing works, communications installations and an ambitious fleet of vehicles, complete with Unimog [Universal Motor Equipment tractor]--all for cash.

The commercial sphere of the political concern is manifold. Kuehl KG deals in building materials such as boards, laminated glass windows and door panels, prints and distributes the KBW paper KOMMUNISTISCHE VOLKSZEITUNG ("KVZ"--price 70 pfennings, circulation 32,000), brochures and fliers, every now and then builds a prefabricated house.

Its sound business situation and wealth of millions, the enterprise owes to a striving for profit which clearly violates its own ideology: the "proletariat" must yield a profit, and "the interests of the working masses" are neglected. A high West German Vfs official says that "the KBW exploits its members."

According to functionary Schmierer, "the cells formulate the needs of the organization" and "discuss" what the individual may keep from what he has earned. The income of Secretary Schmierer--DM 100 a month--serves as a "guideline."

The rest, and more, is taken by the party. Thus it can happen that a "special levy" of DM 430 per member is imposed when, as recently in Hamburg, Kuehl KG buys a two-story yellow-brick building. Or--in order to burn "all bridges to the bourgeoisie," as the KBW puts it--the headquarters in Frankfurt will transfer building society savings agreements, bank accounts, life insurance policies, real estate and inheritances of KBW members into party ownership. "It is true," confirms Schmierer, "that various members put at the disposal of the organization inherited wealth or other things"--of course, "all voluntarily."

One can read in the KVZ what Schmierer understands by voluntary.

The necessity of this struggle and this fighting method also determines the moment when ownership which still ties some comrades with their bourgeois origin must be turned into ownership of the organization and therefore of the working class.... Elimination of inheritances and, accordingly, the turning of heirs into ordinary persons dependent on wages then is an unavoidable requirement if these heirs are KBW members."

The farmer Ernst Metzger-Petersen, 28, who runs a 84-hectare farm in Oster-Ohrstedt in Schleswig-Holstein, is such an heir. While his "Backensholz" farm, which fattens 650 pigs, raises 27 calves and grows rape and rye, wheat and winter barley, is still the property of the graduate farmer, the party constantly has a hand in it, because, Metzger-Petersen says, "I otherwise would not have any time at all to be politically active--for example, to sell the KVZ."

KBW comrades repair agricultural machinery that has broken down, help with fattening and sowing and drive a DM 100,000 Unimog of Kuehl AG over the fields which has also been seen at a demonstration in Flensburg.

And the communist KG has also already made itself at home on Metzger-Petersen's property. "For building a vacation home," the "KBW Regional Executive North" in its internal "Documentation and Decision Service," seeks "masons and carpenters"--who meanwhile are finishing the two-story building on the farm. The owner: Kuehl KG.

Not only do the action squads on the building site and farm work gratis but--"food, after all, costs money too," says Metzger-Petersen--on top of it each have to fork over DM 8 a day for board.

How well the KBW does financially and what wealth Kuehl KG has gathered on the "way to improving the position of the working class" is being kept in the dark by the party functionaries. As for the motor vehicle fleet, for instance, chief ideologist Schmierer announced that "we are aiming at a total of 11 vehicles." VfS personnel, on the other hand, have counted a total of 52 cars of the fancy Swedish Saab brand. And since "when it comes to a car, economy is not all that counts" (Saab slogan), the comrades also go in for a few top turbo models (DM 23,000 each).

In his data about the extent and worth of its "Redactron" electronic communications system (price, new, DM 30,000), Schmierer also tends to exaggerate, saying that there are only "about 20 systems in operation" worldwide. Yet, in a single subdivision alone, members must pay maintenance costs of DM 37,222.20 annually for 23 systems.

The VfS thinks it has solved the puzzle why Maoists of all people behave like capitalists. "If things don't work out with the revolution," says a VfS man about the KBW executive, worth millions, "they will at least have their KG."

8790

CSO: 3103

## BREZHNEV DISARMAMENT INITIATIVE INDICATES READINESS TO TALK

Helsinki HUFVUDSTADSBLADET in Swedish 8 Nov 79 p 4

[Commentary by Rafael Paro]

[Text] The party and government leader of the Soviet Union, Leonid Brezhnev, wants to start negotiations "immediately" on the medium-range weapons in Europe as he finds that the chances of positive results would then be greater.

In slightly more than a month's time, NATO is scheduled to decide on the modernization of its forces through the deployment of new Pershing II or cross missiles in some European countries. According to U.S. officials in Washington, the alliance will, at the same time, take a comprehensive disarmament initiative.

The reports seem to indicate that the discussions within the NATO circles have reached the stage where a decision can really be adopted. The permanent council of the defense council last Tuesday gave its support to the plans to station 570 U.S. medium-range missiles in Western Europe. It is a question of 462 cross missiles and 108 Pershing II missiles. If the NATO council of ministers, which is composed of foreign and defense ministers, adopts the plans, it will mean the deployment of the first U.S. missiles with nuclear warheads which are capable of reaching Soviet territory from Western Europe.

The Soviet Union has, in various ways, made it clear that it regards such a development as disastrous. The move that has been attracting the most attention was made by President Leonid Brezhnev on 6 October when he stated that the Soviet Union plans to withdraw 20,000 troops and 1,000 tanks from Europe, and, furthermore, held out the prospect of a reduction of nuclear weapons of the medium-range type in the western part of the Soviet Union if no additional medium-range weapons would be deployed in Western Europe.

Brezhnev has now reverted to this question in a way which deserves special attention. Last Tuesday's PRAVDA carried on its front page a most unusual

"mini-interview" with the Soviet party and government leader. In answer to a brief question how the problem of medium-range weapons in Europe is to be solved, Leonid Brezhnev answered: "There is only one way in which to solve the practical question of these weapons--to start talks. The Soviet Union is of the opinion that such talks should be started without delay."

Leonid Brezhnev went on to point out that "it is now up to the countries in the West to respond, and it is important that no rash steps be taken which could further complicate the situation and prevent positive results." According to Leonid Brezhnev, there are greater possibilities of reaching such results if no decisions whatsoever are made as to the production or deployment in Western Europe of such weapons before the talks are concluded. On the other hand, these chances will be undermined if such decisions are made within NATO, Leonid Brezhnev said.

From the interview one can partly gather a considerable Soviet interest in talks, partly a will to start talks before NATO has made its decisions. To all appearances, Moscow realizes that it is now only quickly initiated negotiations which can stop a NATO decision. At the same time, the door is left open for negotiations afterwards as well, although Brezhnev expects that a more complicated situation would then arise. His indication that there would be "great possibilities" of reaching positive results prior to the NATO decision, ought at least to arouse a certain amount of curiosity in the West.

7262

CSO: 3109

## PRIME MINISTER, PARTY LEADER DUEL FOR CONTROL OF SDP

Helsinki SUOMEN KUVALEHTI in Finnish 2 Nov 79 pp 39-41

[Article: "Two Controversies in Social Democratic Party"]

[Text] As far as the Social Democrats are concerned there is no shortage of leaders, to the contrary.

One of the most important controversies of the near future will be concentrated around Kalevi Sorsa and Mauno Koivisto.

Ulf Sundqvist and Matti Ahda will spar in the subsequent round.

Diet Member Seppo Tikka talks about this leadership struggle in his book "Pehmeaan Poliitiikkaan" [Toward a Soft Politics] (Kirjayhtymä), which will appear in the near future. Below we are publishing an excerpt from the book. The subtitles are the editor's.

## Koivisto Has His Own Philosophy, Sorsa Has the Machinery At His Disposal

One of the most important leadership controversies of the near future will be concentrated around party leader Kalevi Sorsa and Prime Minister Mauno Koivisto. The first visible signs of this struggle have already been seen. At a summer meeting of the Social Democratic Diet faction Mauno Koivisto announced that for some reason he is not particularly fond of the present government. He stated that he has felt many times as if there was a secret league, which was established so that he would not succeed.

These nearly public words were the first signs of the fact that a struggle indisputably exists. Right-wing papers have been talking about this struggle for years already, indeed, on the basis of conjecture rather than on actual circumstances.

Koivisto's words were preceded by Sorsa's as well as Virolainen's observations that the time has come for the government to do something, and undeniably the simultaneous timing of these observations gives reason to suspect the existence of even a secret league although there is no reason to suspect that this timing is anything else except a coincidence.



Undeniably the controversy between Koivisto and Sorsa will continue in the near future and it is, of course, a question of a power play. When one considers that there are no presidential candidates available among Center Party members, one can also expect that the shares of a Social Democratic candidate have increased.

We know what the Gallup Polls say: Koivisto is overwhelmingly the favorite and Sorsa is a clear favorite.

In addition to this definite conflict, the power play for the next level has also become apparent in recent months. When one considers that Veikko Helle is resigning from the party's vice chairmanship position, a race for even this position has begun. In this race there are two clear participants: Party Secretary Ulf Sundqvist and Diet faction chairman Matti Ahde. Sundqvist himself admits that such a race exists, but he says that he considers such a race to be a strength for the party. In light of recent history he also considers the appearance of such a race to be a completely normal phenomenon.

In addition to this, Sundqvist admits to the Sorsa-Koivisto struggle and states that it only enriches the party. The party's fifth name, not necessarily in that order, is Pirkko Tyolajarvi and in recent months there has been more activity than before even around her name even though her position in the party as second vicechairman is hardly under any kind of threat.

#### A Struggle at Two Levels

While the beginning of the 1970's was the era of the fatherly Paasio, the latter part represented a definite preparation for conflicts among the younger generation, which will spill over into the beginning of the next decade. In itself, something to be expected. Now that the fatherly Paasio era is over, it is clear that the competition for power is transferring to the next generation. It is most interesting that we are now faced with a power struggle at two levels, a struggle for the number one spot and also a struggle between those wanting the second spot.

Other politicians find their positions quite at random and all speculations about various cliques are either true or not true, but in any event they change rather rapidly the minute someone sees a benefit for himself from a certain position if the matter is truly cynically stated. Cynicism is not exactly appropriate in a discussion of soft politics.

Erkki Liikanen is considered to be the next party secretary. Only Paavo Lipponen could present any competition.

There has been much talk about factionalization of the Diet faction, but only a few facts. Pirkko Tyolajarvi and Tellervo Koivisto and several other women who have gathered around them and also several male representatives, however, make up a definite faction. A faction has gathered around Sundqvist. However, it is probably indicative that those publicly connected with the faction would readily dissociate themselves. A faction of so-called

rightwing representatives also exists and the leader of this group continues to be Veikko Kelle, who is completely faithful to the party's present leadership. This faction includes Eino Loikkanen and Mikko Ronnholm and many others who openly declare themselves as members of the rightwing. In addition to this, there is a large group of such people whom it is very difficult to connect with any faction.

#### Situation Is Positive, But Not Good

In this respect the 1970's was a time of change. Positions were considerably more well defined at the beginning of the decade, for example, during the EEC discussions the division of the party's Diet faction was much clearer. The present situation is in many respects good: used correctly such a faction is a considerably more practical force for the whole party.

Party Secretary Sundqvist also admits this. He is of the opinion that the party's situation is positive, but not good. There are no fundamental conflicts. The SDP [Social Democratic Party] is aware of its problems in the near future, but does not have any clear solutions for them. The SDP is, perhaps, closer to a solution than other parties, but has not yet found the keys for a solution. Thus even in this sense it is a time of discussion.

In the forthcoming or already existing personality struggles it must always be remembered that the question between Sorsa and Koivisto is not about a struggle over who will lead the party. The SDP is indisputably in Sorsa's hands. In this struggle it is above all a question of public favor. Sorsa himself admits that if Koivisto succeeds, the SDP is such a force that it cannot be ignored, for example, in the process of filling the presidential spot.

Koivisto's position as a front running favorite is formidable. It is peculiar that he is permitted to do things for which many others are accused. If he says that he does not understand a certain issue, the people say that he is quite a man for admitting it. Virolainen has compared this peculiarity with himself or Sorsa. If they say that they do not understand something, people say that it is an uncommonly stupid person who does not even understand this.

There are, of course, differences between Koivisto and Sorsa. Some say that Koivisto at least has a line that he follows. He has his own philosophy, which affects his decisions. According to these words Sorsa only has the party machinery at his disposal. On the other hand, others say completely the opposite.

10576

CSO: 3107

## KOIVISTO RETAINS HIGH POPULARITY IN OPINION POLLS

Oslo AFTENPOSTEN in Norwegian 15 Nov 79 p 9

[Text] Helsinki, 4 Nov--Finland's Social Democratic prime minister, Mauno Koivisto, continues to enjoy tremendous popularity as a potential presidential candidate, it appears from a new opinion poll which was carried out by Finska Gallup.

A full 43 percent of the Finns would prefer to see Koivisto as president after Urho Kekkonen. Number 2 on the Gallup poll list is the chairman of the Social Democratic Party, Kalevi Sorsa, with 5 percent of the votes.

That means that Koivisto has increased his advantage over Sorsa since the previous opinion poll was taken, when Koivisto obtained 43 and Sorsa 7 percent of the votes. Four candidates got 3 percent each. They are Johannes Virolainen and Ahti Karjalainen, two traditionally strong names in the Center Party, Harri Holkeri, the chairman of the Unification Party, and Foreign Minister Paavo Vayrynen, who perhaps will be the new leader of the Center Party.

The next presidential election will take place in 1984. Kekkonen will be 84 years old then, and the opinion poll assumes that Kekkonen will not run for re-election.

Another new opinion poll which also was taken by Finska Gallup, indicates that the largest government coalition party and the largest opposition party--that is, the Social Democrats and the Unification Party--both have strengthened their positions since the parliamentary election this spring. The Social Democrats increased the most (by 1.7 percent) and are now up to 25.6 percent. The Unification Party moved forward by a bare percentage point and it now stands at 22.6 percent.

The other two large parties, the Center Party and the Popular Democrats/Communists, lost ground--both of them by 0.7 percent. As a result, the Center Party has 16.6 and the Popular Democrats/Communists have 17.2 percent of the votes of those polled.

9266

CSO: 3108

## SHIPBUILDING INDUSTRY OFFICIAL SEES CONTINUED GROWTH

Helsinki HUFVUDSTADSBLADET in Swedish 8 Nov '79 p 15

[Text] No other Finnish industry has, in times of recession, had to compete with such a heavily subsidized industry as our shipbuilding industry, says Pentti Helpiö, a shipyard executive and spokesman for the Finnish Shipbuilders' Association.

"But the end of the tunnel now seems to be in sight, as far as the subsidy policy is concerned," says Tapio Forsgren, president of the Finnish Shipbuilders' Association.

Both representatives of the shipbuilding industry are considerably more optimistic about the future than 2 years ago when the situation was at its worst.

To be sure, Helpiö and Forsgren do not yet want to talk about an actual upswing. Such an upswing they expect in 1982-83 at the earliest, perhaps not until 1985. And also, if and when the upswing comes, it will not be a question of new shipbuilding in larger tonnage quantities than were produced already in 1975-76. The overcapacity has thus been and still is enormous.

"One can assume that, at present, there is a capacity of approximately 40 million tons at the shipyards of the world, but that the demand is for no more than 10 million tons," Forsgren says.

## Sixty Million Marks in Total in Finland

As is well-known, the global overcapacity and severe price competition from less expensive shipyards, especially in South Korea and Poland, have led to crises at shipyards in many parts of the world. In order not to be forced to effect drastic cut-backs in the activities of the shipyards, states and governments have intervened with aid and subsidies.

"This is something which we must reckon with also in the future, at least for as long as no maritime nations can afford completely discontinuing their shipbuilding activities. Shipyards are of such a great strategic and employment-generating importance," Helpiö says.



There are, at least at this early point, clear signs that the subsidy policy pursued around Europe will be coming up for revision. As far as Finland is concerned, the subsidies are no problem, it is rather a question of an advantage. During the present year alone, the government has intervened with subsidies, totalling 60 million marks, for a couple of shipyards in connection with orders for passenger ferries from Wartaila.

"Distributed on all ships which are now on the orderbooks of our shipyards, 60 million marks represent no more than 3-5 per cent of the costs. This is a small amount compared to the subsidies granted to the Swedish shipbuilding industry of approximately 30 per cent of the costs of the vessels. The subsidy policy will, furthermore, be continued in Sweden, while, for Finland, it is a non-recurring phenomenon. Some subsidies are not included in next year's budget," Foragren says.

#### Early Delivery Trump

Sweden and Great Britain are examples of countries starting to step down their subsidy policy. To be sure, Swedish shipyards can still count on subsidies, but they will have to become profitable as of 1982. Great Britain has started evaluating the granting of subsidies from case to case, in addition to drastic reductions of the capacity. As far as Finland is concerned, this has the effect that the competitiveness of our unsubsidized shipyards increases at the same rate as subsidies are discontinued for foreign shipyards.

A recent example of this development is a British order for a service vessel for the oil production in the North Sea. Rauma-Repola got the order with a bid which was so much lower than the rest that it in Great Britain was called subsidized.

"In actual fact, the difference is that Rauma-Repola can deliver the vessel in 2 years while the British shipyards needed 3 years, and, moreover, expected a rate of inflation of 17-18 per cent this year and up to 20 per cent next year," Foragren says.

He believes that the very fact that the Finnish shipyards can offer short delivery periods will become a trump in the near future, as many shipowners want new tonnages as quickly as possible. According to Foragren, this can lead to "very pleasant news in the markets of the West in the course of the next few months." That is all he wants to say at this point.

#### Eighty-Nine Vessels on Order

At present, Finnish shipyards have orders for a total of 89 vessels of a total gross tonnage of 561,000. By and large, this will give full employment for 1 year ahead. The volume of orders on hand is also good compared to the situation a couple of years ago: without any new orders during the last 2 years, the shipyards would now have had four vessels under construction and would thus have been at practically a standstill. In the mid-seventies, the orderbooks normally contained orders totalling 1 million gross tons.

New orders--a total of 37 vessels totalling 242,000 gross tons during the first 9 months of the year--have come from three quarters: domestic shipowners, the Soviet Union and oil drilling vessels for difficult Arctic conditions.

The orders for passenger vessels are a significant contribution, the value of which amounts to approximately 1 billion marks. When the so-called shipbuilding industry committee made its report less than 2 years ago, they expected domestic orders of approximately 400 million marks only. This share now has already reached 1.4 billion marks.

On the long view, there is much benefit to be derived for the shipbuilding industry from the next 5-year general agreement with the Soviet Union for the period 1981-85. There are aims for deliveries of vessels of a total value of 9-10 billion marks, or upwards of 50 per cent of the total capacity of the shipyards. But here it is thus still a question of securing concrete orders. And compared to the good years, the shipbuilding industry does not want to talk about a normal situation, as far as the volume of orders on hand is concerned.

#### Better Employment Situation

At any rate, the improved situation is being felt in several areas, not least in the area of employment. The shipbuilding industry committee expected that the total manpower of the shipbuilding industry would have to be cut down to 14,000 by 1980. At the end of the last year, the number had dropped to less than 16,000, but it is now again approaching 17,000 employees. At the most, the shipyards have employed upwards of 18,000 people in 1976-77, and, in addition, indirectly 2,000-3,000 employees with subcontractors. The shipbuilding industry now believes that it will still be able to employ close to 17,000 people at the end of next year, but warns, at the same time, that it is easy to make mistakes in that particular industry. By way of comparison, it may be mentioned that the number of workers in Western European shipyards in 1976 rose to approximately 200,000 workers while the figure is now down at approximately 140,000. And, on the whole, the figure is still declining.

7262

CSO: 3109

## BRIEFS

**MORE BOAT PEOPLE**--Finland will accept about twenty more Indochinese refugees. This decision was announced by Foreign Minister Paavo Vilyrynen when, last Thursday, he received the report of the refugees committee. According to Paavo Vilyrynen, it is a question of relatives of the 100 boat people who came to Finland in the summer. The standing committee on foreign affairs of the government has resolved in principle to accept the refugees to enable the families to be reunited. [Text] Helsinki HUFVUDSTADSBLADET in Swedish 9 Nov 79 p 22] 7262

**SAM MISSILES ARRIVE**--The Soviet regional defense missiles will be delivered to Finland in late December, according to the chief staff. The missile system will become a reality as soon as the training of the Finnish technical staff has been completed. The Riksdag adopted in November of last year a bill according to which the government would be authorized to raise loans not exceeding 300 million marks for the purchase of special equipment from the Soviet Union. This sum will be used to finance not only the new missiles but also new fighter aircraft. The training of the Finnish staff for the new weapons system was commenced already last August. Both technical staff and officers as well as non-commissioned officers are participating. The missile system is described in the West as "Gon" and the system includes SA-3 missiles. In addition to missiles, the system consists of special equipment such as a radar system. The purchases are based on the recommendations of the second parliamentary defense committee. Finland has previously purchased Soviet Strela short-distance missiles. [Text] [Helsinki HUFVUDSTADSBLADET in Finnish 9 Nov 79 p 13] 7262

CSO: 3109

## JACQUES CHIRAC INTERVIEWED ON ECONOMIC MATTERS

Paris L'EXPANSION in French 9-22 Nov 79 pp 0112-0115

[Interview with the Premier of France, Jacques Chirac by Philippe Bauchard in Paris--date not given]

[Text] His gait is still stiff as a result of his accident, but he has retained the keen gleam in his eye and his so often preemptory tone of voice. Obviously, he wishes to explain his position, but he seems to be pursuing an interior train of thought. Difficult end-of-the year examination for Jacques Chirac, ENA [National School of Administration] alumnus: how is one to find in the De Gaulle ideological heritage remedies for an economic situation which De Gaulle was not aware of?

In his talks, the general's favorite subjects--growth, the plan, independence--assume an aggressive resonance against the political party which Raymond Barre led for 3 years. After the comparative setback which he suffered at the European elections, the Paris mayor realized that it was wiser to debate than engage in polemics. For want of something better, he accepted the Barrist administration, but he did not conceal his utter disagreement with the economic policy adopted.

The present budgetary guerrilla warfare is only an episode in the course of action which Jacques Chirac is undertaking for the presidential election, where he will perhaps not present himself, but where there will be a "Gaullist" candidate.

Somewhat lost in the huge late 19th Century Paris town hall office, under the gaze of the young Louis XIII, Jacques Chirac answers our questions.



[Question] On several occasions you have stated that growth is necessary. What is your rate of growth, what growth and by what means?

[Answer] Growth is necessary and possible; the growth rate should be in keeping with the general pattern of a plan. It is, therefore, difficult to determine it a priori. What I can now say is that the possible and necessary growth rate is far higher than the 2.5 percent which the 1980 budget anticipates.

[Question] Must it, therefore, be more than 2.5 percent?

[Answer] In any case, much more. Growth is necessary for three reasons: First of all, for the employment situation: it is obvious to all experts, that with a growth rate of some 3 percent--which we are far from reaching--providing an answer to the employment situation is out of the question.

[Question] Unemployment, therefore, is getting worse.

[Answer] Consequently, unemployment is getting worse and will still get worse. On the subject, look at the very recent forecast made by INSEE [National Institute of Statistics and Economic Studies]: From 500,000 to 1 million more unemployed between now and 1985, which goes to confirm what I have been saying for a long time. To embark on an employment improvement policy, the growth rate must increase to 4 or 5 percent.

[Question] Within a short time?

[Answer] Just as soon as possible.

The second reason for a necessary growth: The modernization and specialization of French production equipment, as well as in such areas as energy saving devices, environment, etc.

In view of the new countries, we should launch a new industrial revolution and become specialists in highly technological productions. This calls for a large investment outlay in such areas as aeronautics, information, telecommunications, space, oceanography, agro-food industries, etc.

We should not likewise forget that there are also small and medium-sized undertakings that we should relieve and promote, for they constitute the nation's economic and social fabric.

Finally, we live in a kind of society that, in one way or another, demands that the standard of living be improved and raised--if only to a moderate degree--and not remain at a standstill.

There is another basic reason which requires a sustained growth and justifies it: The struggle against extreme poverty in the world. It is essential to find a concerted international solution to this problem. We must find the means for satisfying the need for financial security conveyed

through worldwide destitution. Techniques exist: recall the Marshall Plan for Europe. A political determination must be asserted, through the expedient of credit, to secure the means necessary to improve developing countries in order to enable them to produce the resources essential for eradicating poverty.

It is a great political and moral plan. It is a great need. It is also the means of promoting expansion in industrial countries.

[Question] But industrial countries do not have the means for this political move!

[Answer] Growth is possible. How? The present leaning toward slowing down general activity. But France can and should take the initiative necessary for promoting her own economy and improving her own growth.

All this presupposes--and I shall never forget it--the existence of a true national determination and the implementation of it through a plan, which is the sole means of expressing distinct choices in a different period, of declaring and acknowledging through public opinion the pressures which every policy of choice inevitably implies. There is, therefore, first and foremost, a problem of political choice.

[Question] Why do you continue to overlook the impact of the petroleum surcharge?

[Answer] I do not overlook it at all. I myself have suggested that France take action in this connection. I am considering it in the pegging of petroleum prices, concurrently with the establishing of a transformation policy for petrodollars. That is necessary for us more than for anyone else. Instead of a domestic policy which increases foreign pressure (or which accepts it), we need a policy which makes possible the easing of foreign pressures. This is what I am proposing. We must not forget that the rise in petroleum prices--which, very wrongly, they tell us is solely responsible for our ills--has totally different results according to the countries involved. In this respect, the United States does not have the same problems, as petroleum is paid for in its own currency. Great Britain sees prospects of subsistence farming with the petroleum from the North Sea. Germany has a surplus in its balance of payments so it has no problems regarding payment of its petroleum in currency.

[Question] In your opinion, is France in a weak position as compared with the United States and Germany?

[Answer] France is in a different situation insofar as her interests are not at all the same as those of the United States, Great Britain and Germany. For, day by day, sou by sou, she must find the means of paying for her energy and ever-increasing prices.

On the other hand, France must, of necessity, take the initiative for an international monetary reform which will make it possible to control the issuing of international liquid assets by making operating with gold a very important control system.

[Question] However, the franc is holding its own in the "snake!"

[Answer] The European monetary system is bad business for France insofar as it makes us too dependent on Germany.

We have to resolve our economic policy in terms of our own urgent needs; and on the domestic plane, we must have a policy which promotes productive investment. I have made suggestions in this respect by means of the revaluation of the balance sheet, the rapid liquidation of debts, payments of interest in some sectors.

Let no one tell me: "It is impossible to have a more significant growth than our partners." For years, until 1974, France had a growth rate higher than that of our principal economic partners. Today, it is quite the opposite. It is not bound to happen exactly as in the United States, as in Germany, as in Great Britain.

Moreover, let us not forget that up until 1985, the young people arriving on the labor market will be far more important in France than in Germany. They tell me: growth means inflation. I do not believe it. I shall not remind you of what happened in 1975 when on the initiative of the president of the republic, a budgetary-increase plan resulted in the creation of 400,000 jobs, and in the period corresponding to its implementation, in a 5 percent trimestral diminution in the price index.

The policy which I am proposing for improving our growth is not a policy which presses heavily on public finances.

[Question] Will you curtail working expenses?

[Answer] Certainly, we have to exert ourselves, and when the RPR [Rally for the Republic] group asks us to cut down 2 billion on operating expenses, it is entirely justified. We cannot impose austerity indefinitely on the workers and firms, without the state's way of life concurrently showing the results of it. But that is not all. Another choice must be made. Not to place our money on certain large, nonproductive social transfers, which is a distinctive feature of the 1980 renewed budget, but direct it toward expenses in aid of productive investments; this then would be a rectified budget and not a renewed budget.

[Question] But that, nevertheless, involves cuts in allowances, retirements, pensions...

[Answer] Not at all. Allowances and retirement pensions are an already acquired right.

It is a question of implementing a policy which, while making it possible to create jobs, it cuts down basically inflationary expenses, such as unemployment compensation expenses (9 billion in the 1980 budget). Reinstating activity is not synonymous with rekindling inflation.

[Question] In your opinion, then, we must produce growth rather than finance unemployment.

[Answer] That's it. Obviously, growth can throw foreign trade off balance. We must be alert, but I do not believe that there is any danger there either. We must simultaneously carry out a policy of growth and an economic policy, particularly in the energy sector and that of imported raw materials, a policy for recovering some domestic markets...

[Question] Are you thinking of agro-food products?

[Answer] Yes, and also of mechanics, photographic equipment, etc. We must also have a very important policy for the development of our exports. In short, I do not believe that slow development meets the needs of our times. On either the domestic or international plane. As I pointed out at the National Assembly, slow development favors only the rich.

We must therefore seek another type of development, a new development of which I have mentioned some aspects. It now remains to describe it in detail. This is a task which should very naturally--if we have a political power which desires it--offers a good opportunity for concerted effort and planning.

[Question] Do you believe that by indirectly increasing the overdrawn budget we could give more impetus to development?

[Answer] No. We must resort to other measures. We are now tackling the question the wrong way. We begin by compensating unemployment, then we go on to administering it and afterwards we complain about having unemployment.

[Question] Wouldn't a worsening of the petroleum conflict next year run the risk of bringing about an austerity control and protectionism policy?

[Answer] I find it very distressing to attribute all our ills to the increase in the price of petroleum. From 1974 until the summer of 1979, there was practically no increase in the price of petroleum--it had even dropped somewhat. Now, we did not take any advantage whatsoever of this period to make the necessary adjustments, particularly from 1976 to June 1979, when France enjoyed some respite in this respect. Now we are faced with the prospect of a significant increase in the price of petroleum, without any doubt whatsoever, and there will ensue serious consequences for our economy. It is urgent that France, instead of allowing herself to be led around by the nose, take the initiative in this area.

[Question] Are you, like Mr Debre, an advocate of a certain protectionism in the event of increased competition?

[Answer] Let us get this straight. Protectionism is always a controlling factor in exchanges and consequently of impoverishment.

It remains none the less a fact that it is not merely being a protectionist that demands respect for the international rules of the game in trade matters. When evident trickery is noted in opposition to the rules of the game, this fact justifies resorting to the means of defense which at that time are the natural means of defense.

I have in mind some imports which should be controlled and organized within the framework of international agreements when there is a question of products which come from countries where business concerns operate on very low salaries and where social insurance contributions do not exist. Even within the EEC [European Economic Community] these practices are all the rage with Italian work--which is as "black" as can be--or the German standards, where they all are at sea!

[Question] If the RPR parliamentary proposals come to nothing, will you be brought to state your policy for next year in detail, on another level?

[Answer] Day by day we are going to refine our proposals and show the public that, in our opinion, there is another possible economic policy. That is why our parliamentary group, without setting aside the concept of society, did not believe it should become associated with the very administration of this society, expressed by a budget which did not seem good to us. This explains our group's abstention on the occasion of the voting on article 25 of the law of finances.

8870

CSO: 8119/0398



COMMENTS ON NEW ECONOMIC MEASURES REPORTED

Items Taxed

Athens TA NEA in Greek 30 Nov 79 pp 1, 18

[Article by K. Kolmer]

[Text] As of today, a tax of 25 percent is being imposed on the value of imported luxury articles.

This means that the repercussions on consumers will be even more adverse. It is figured that price increases will be seen for articles of these categories--numbering 27 in all--of up to 35-50 percent.

The categories of such items are:

Sausages, canned food, dairy products and cheese, except for cheeses which are widely consumed (feta, kasseri, kefalotyri).

Fish--smoked, processed, and so forth.

Dates, bananas, and pineapples.

Flowers and horticultural items.

Pate, foie gras, caviars.

Sugary confectioneries, with or without cocoa.

Chocolates and other sweets.

Preserved fruits and juices.

Alcoholic beverages and wines, and especially whisky, liquers, and champagnes.

Fancy clothing, furs.

Articles made from rubber and leather (footwear, handbags, and so forth).

"Boutique" articles.

Articles made from finished wood.

Various manufactured articles made from metal.

Bathroom tiles and sanitation articles.

Toiletry articles and perfumes, soaps.

Tableware.

Goldsmith's and silversmith's articles, gems, and precious metals.

Various articles made from iron and steel, channel iron, and so forth.  
Decoration items.

Office materials, calculators, and so forth, aside from "computers."

Construction materials.

Refrigerators, television sets, sound-production systems, transistor radios, electrical appliances.

Articles of household furnishing, built-in kitchen ranges.

Curtains, dowry articles, and so forth.

Watches, photography cameras, movie cameras, video equipment, and so forth.

Boats, water craft, airplanes, and recreational items. Outboard and inboard motors.

On the other hand, exempted from this surcharge are automobiles, motorcycles, and so forth which are used as means of transportation, and energy-saving devices.

#### Exemptions

Also exempted from the 25-percent tax are imported basic-necessity items or goods which are widely consumed, such as:

Foods

Raw materials

Items which are deemed indispensable to the productive process in agriculture, fishing, quarrying, mining, light manufacturing, and industry.

Today, Minister of Commerce G. Panagiotopoulos will announce all the details of the new status quo with respect to imports.

This "extra" levy which was imposed yesterday is clearly of a fiscal nature, which is designed to bring in more revenue to the public budget--a budget which has been greatly expanded.

Under conditions of an expansionistic income policy, this 25-percent levy will have immediate inflationary effects, and it is uncertain that it will succeed in keeping down imports of those items on which it has been imposed.

(At the same time, there has been a suspension until 30 June 1980 of the operative force of all the decisions of the Currency Committee which provide for the financing of imports or imported goods which, following their clearance, were being given as security to the banks.

As of today, the percentages of profit both on imported and also on domestically produced items are being frozen.

In case of an increase in the import price, the selling price will increase correspondingly, without a percentage of profit being allowed on the amount of increase. Details are given on page 3).

#### The Merchants

The government's measures are characterized by the country's Coordinating Council of Trade Boards, in an announcement it made yesterday evening, as being inconsistent and ineffective for the purpose aimed at, and at the same time it stresses the immediate danger of the creation of a black market.

The announcement adds that the ruinous measures on trade which the government is being led to take are entangling such trade--without at all solving the problem as a whole--in the creation of additional negative and damaging prerequisites with respect to preserving the necessary smooth functioning of the market.

#### Assessments of Consequences

The exceptional measures which the government took yesterday, to the detriment of our imports, are "exceptional" only in the sense that they reveal the grave illness which the Greek economy is suffering from.

But to the extent that they increase the cost of living (the taxed items are to rise in price from 30 to 65 percent), they raise prices for the so-called disinflationary policy of the government and reveal a confusion, if not an incompetence, on the part of the financial "management" which is being exercised in the economy. Furthermore, they constitute a bad character reference for the entry of Greece into the EEC--an entry which

they are also undermining--and what is worse, they conceal the causes of the country's inflation, which is and continues to be an unremedied inflation of demand.

Given that demand will be influenced only marginally by these measures--if it is not stirred up by the expansionistic public-finance and income policy of the government--it is very likely that soon the announced measures will be shown to be insufficient to deal with the weakness in the balance of payments. At the same time, however, they will intensify the inconsistencies in the Greek economy and will cause disparities in the market which it will not be possible to rectify in the future.

#### Taxes, Statistics

Athens TA NEA in Greek 1 Dec 79 pp 1, 14

[Text] The situation in the economic sector is becoming more aggravated.

With the new budget, tax burdens are increasing. Imposed on the private economic sector are more taxes and a policing of property, private vehicles, and salaries, and the category of presumptions of wealth for tax assessment purposes is being expanded. And at the same time, taxes are becoming more burdensome due to the "inflation syndrome."

The restrictive measures announced the day before yesterday caused some sharp reactions yesterday. And specifically:

A disagreement between Minister of Coordination K. Mitsotakis and Minister of Commerce G. Panagiotopoulos surfaced in connection with the implementation of the new measures for restricting imports, while in the market there prevailed a severe uneasiness. Nor had the government explained even yesterday under what conditions and in precisely in what way prices will be fixed (see page 16).

In the labor sector, the civil servants are going to engage in an unyielding and lengthy struggle sometime in December, following their finding that the announced governmental measures (an increase up to 15 percent) are insufficient to take care of their severe salary-related problems, while the GSEE [Greek General Confederation of Labor] is appealing to the arbitration court (see page 16).

The government received very sharp criticisms yesterday with respect to its economic policy, on the occasion of the submission of the budget. All wings of the democratic opposition pointed out that the government bears a grave responsibility for the sharp increase in inflation, and it was characteristically noted by the parliamentary representative of PASOK [Panhellenic Socialist Movement], I. Alevras, that "the economic policy of the administration is a failure."

At the same time, the leader of EDIK (Democratic Center Union), I. Zigdis, sharply attacked Minister of Coordination Mitsotakis and Minister of Finance A. Kanellopoulos, whom he characterized as "specimens of opportunism and amorality," and he called on Premier K. Karamanlis, who was present, "to rid himself of these ministers, who are apostates, who were elected on a different ticket, and who have become odalisques in his harem" (see page 3).

Our report in detail:

#### The Budget

With the new budget which was submitted yesterday to the Chamber of Deputies, the tax burden on the economy is being increased in 1980.

This increase in taxation pressure comes both from the more rapid increase in revenues from the income tax compared to the rise in the Gross National Product for 1980, and from the previous underestimation of the amount of indirect taxes, which as of yesterday have already been increased at least 25 percent for more than 50 percent of the products sold on the market.

At the same time, through legislative and administrative measures the taxation pressure on individuals and businesses is also strengthened.

Specifically, presumptions of wealth for tax assessment purposes are being broadened, "self-registering" of properties is being imposed, an automatic check on payment of private motor-vehicle taxes is being instituted, the obligatory use of checks in service agencies is commencing, allowable entertainment expenses are being reduced for certain taxpayers, the cross-checking of tax data is being introduced, and assessment books for transferred properties are being instituted.

Also, almost all of the announced tax reductions will go into effect only as of 1 January 1980--that is, they will show up in the tax returns made out in February 1981.

#### The Income Tax

In showing an increase of about 19 percent, the income tax is expected to bring in 71 billion drachmas in 1980, mainly owing to the tax blood-letting--that is, owing to the shifting upward of taxpayers on the graduated tax scale because of inflation.

The "taxes on behalf of third parties" will increase less (the assumption is that they will be abolished with our entry into the EEC). Specifically, an increase of 30 percent is anticipated, to the level of about 10 billion drachmas, while back taxes and non-recurring taxes (of past years) will yield another 10 billion drachmas. The yield from



the property tax will increase slightly (7 percent) and will amount to 7 billion drachmas. Together with "other revenues," all together the direct taxes will bring in 98 billion drachmas, as compared to 85 billion in 1974.

Indirect taxes (before the imposition of the new restrictive measures concerning the 25-percent tax, and so forth) were expected to yield 242 billion drachmas in 1980, about 16 percent higher than in 1979. Of these the greatest increase, of 19 percent, is expected to be shown by taxes on transactions (79 billion drachmas) and the smallest increase by customs duties, of 11 percent (19 billion drachmas). Excise taxes on domestically produced goods will yield 90 billion drachmas (+13 percent) and those on imported articles will yield 43 billion drachmas (+18 percent).

In all, the tax revenues are expected to increase, chiefly because of inflation, by 16 percent, to the level of 340 billion drachmas, accounting for 29 percent of the Gross National Product. This is about the same as in 1979. Not even the ratio of direct to indirect taxes is changing: It remains at 29 : 71.

The increase in tax revenues will not come solely from the inflationary dilation of business transactions, but also from a number of measures for the reduction of tax evasion.

In more detail, the presumption of wealth with regard to the cost of a motor vehicle is being extended also to owners of vehicles which have a horsepower of up to 5 horsepower, whenever there also exists a second motor vehicle so owned.

For example, if a taxpayer has two vehicles, one of 5 horsepower and another of 6 horsepower, then his presumptive income is 225,000 drachmas per year, based on the second vehicle, and approximately another 180,000 drachmas based on the first. That is, his income is presumed to be 405,000 drachmas, and his tax will be about 79,000 drachmas.

This is the case because with the new measures, the presumptive expenditure in having the use of a second and a third vehicle is also to increase, as follows:

For the second private-use vehicle, from 15 percent to 25 percent of the presumption of wealth for the first automobile.

For the third private-use vehicle, from 30 to 40 percent.

In addition, farmers as well are being included in the presumption-of-wealth provisions!

Specifically, those farmers who have a private-use vehicle larger than 10 horsepower are to be taxed according to a presumptive expenditure

which applies to their vehicle on the basis of Law 820 of 17 October 1978.

On the other hand, farmers who have a private-use vehicle which is less than 10 horsepower are exempted from the presumptive income provision, and so are salary earners and pensioners.

#### Boats and Such

In addition, what is in effect for real estate is also being extended to pleasure boats--that is, their ownership is not to be transferred unless there is a confirmation by the tax inspector that they were declared on the income tax return.

Furthermore, beginning in 1980 it will be obligatory to affix a marking indicating payment of vehicle-use fees on all private-use vehicles which are in operation throughout the country.

Measures are also being taken to get hold of the taxes from the sale of phonograph records, cassettes, and so forth, in which area--as is known--the theft of copyrights is flourishing.

Finally, certain exemptions in the income tax for entertainment expenses, and so forth, are abolished.

For the payment of the income tax, a system in which it is collected in monthly installments from January to November will "probably" be introduced on an optional basis.

Within 1980, the cross-checking by machine accounting of the various vouchers and receipts of transactions and of tax information will begin.

The final registers for the fiscal year 1979 (incomes of 1978) will be available until February 1980.

Lists of all owners of private vehicles will be drawn up, in order to apprehend those who do not declare them.

The price-book on transferred properties for Athens and Salonica will be reissued.

All property (building lots, residences, farmsteads) will be declared by their owners. This declaration will be taken into account in the cadastre which is being published.

Finally, by a presidential decree the Tax Revenue Data Code is to be modified, and:

The number of businesses which are exempt from the keeping of books and from the issuing of receipts of retail sales will be reduced.

The manner of issuing data and of bookkeeping will be regulated in such a way that their checking can become more effective.

The level of fines for violators of the tax provisions will be increased, with the instituting of a policy which views individuals as sharing in the responsibility when they do not ask for receipts of payment.

A copy of the transport logbook for private-use trucks of growers will be submitted to the tax inspector, to ensure that the revenues of the Farm Insurance Organization are collected.

Finally, among other things a special type of lottery is being formed, the receipts of which will be appropriated for the "safeguarding of the country's long cultural tradition and heritage."

The tax breaks will go into effect as of 1 January 1980 for all taxpayers, announced the Ministry of Finance, thus annulling previous statements made by Minister of Finance Athan. Kanellopoulos.

On the other hand, the increase in the non-taxed amount from living in a private residence, from 36,000 to 78,000 drachmas, goes into effect from fiscal year 1980--that is, it will be in effect also for the incomes of the calendar year 1979.

In contrast to this, the increase in the special tax reduction for income from salaries and wages, from 60,000 drachmas to 90,000 drachmas, will go into effect as of 1 January 1980. Consequently, the pay and the pension which salary earners and pensioners will receive, starting from 1 January 1980, will be burdened with a lower tax, because of these tax breaks. This reduction will not be in effect for the tax returns which will be submitted in February 1980 for the incomes of 1979.

The deduction of a part of rent paid from the taxable income will go into effect as of 1 January 1980--that is, it will be deducted from the taxable income which will be declared in the fiscal year 1981. This deduction is 15 percent for an annual rent of up to 120,000 drachmas, and 5 percent for the amount of rent paid in excess of 120,000 drachmas.

The State Expenditures  
(in billions of drachmas)

	1980	1979
"Regular" budget	366	304
"Investment" budget	55	64
Appended budgets	151	92
Total State expenditures	572	460
	= =	= =
Deficit in State expenditures	67	73

## Opposition Blames Government

Athens TA NEA in Greek 1 Dec 79 p 3

[Article by Errikos Bartzinopoulos]

[Text] The opposition unanimously charged the government yesterday with bearing the chief responsibility for the economic situation into which the country has fallen, emphasizing that the course of the economy has taken a dangerous direction on account of the lack of a specific and planned policy.

These criticisms were expressed on the occasion of the submission of the budget to the Chamber of Deputies by Minister of Finance A. Kanellopoulos, and they portend the extent of the criticism which the democratic opposition will level both in the parliamentary committee and in the plenum of the parliament.

Athanasios Kanellopoulos

The debate began with Minister of Finance A. Kanellopoulos, who said that the administration seeks responsible and constructive dialog on the country's economic and public-finance policy, and that its aim is to fully inform the public, because:

"In this way the people realize the existing difficulties and the necessity for self-restraint in their demands, in the interests of society as a whole."

Passing on to an analysis of the budget, the minister said that it is balanced and that it has "a sufficient reserve and even a surplus for covering a significant part of the deficit in the consumer goods account."

Kanellopoulos: The difficult conditions of the international economic situation will of course influence decisively the strongly outwardly-directed economy of Greece. The chief weight of the budget falls on dealing with the inflationary and foreign-exchange difficulties and on establishing institutional and organizational reforms which will ensure greater strength to the economy and prospects for its more rapid advancement in the future. But at the same time, it also aims at mitigating the consequences of inflation for the workers, at keeping down and more rationally distributing the public expenditures, at continuing and supplementing the measures against tax evasion, at protecting and developing public properties, at formally harmonizing our public-finance policy with conditions in the EEC, and at encouraging investment activity to the greatest possible extent.

Continuing on, Mr Kanellopoulos said that the potentialities of the budget are governed by two principal limiting parameters. And these are specifically:

- The international energy crisis, which signifies that in 1980 the outflow of foreign exchange for liquid fuels may possibly reach \$2,400-2,500 million. At the same time, the energy crisis is causing a more general rise in the cost of imports and also in prices for domestic products.

- The expansion of the State's expenditures, which is due to the expansion of the government's obligations and to the shouldering by the State of a broader role in the economy. For example: The current expenses of the State have gone from 16.4 percent of the Gross National Product in 1958 to 27.5 percent in 1978, the public consumption has gone from 11.2 percent to 15.7 percent, the salaries and wages of public employees at current prices have gone from 7.553 billion drachmas in 1958 to more than 100 billion in 1978, and so forth.

And Mr Kanellopoulos continued: "With the policy which has been followed up to now, the level of full employment has been maintained, rates of growth have been more rapid than those in Europe, and the adjustments to income have been about double the cost-of-living increase. This policy may have been contributing to the internally generated encouragement of inflation. In the future, the handling of this crisis requires national understanding and an acceptance by society of the responsibilities. Impatience for the good life encourages us to copy models of consumption which lie beyond our productive power, and not always does everyone respect the duty to fulfill our tax obligations vis-a-vis the State.

"The citizens, as voters, call for an increase in expenditures, but as taxpayers they protest against the tax or want their neighbor to be burdened with it."

And in conclusion, Mr Kanellopoulos spoke about the need for self-restraint, saying: "Exhortations to make increasingly higher demands harm both the citizens themselves and the State. At this moment, what we need to do is to reject the attitude of individual and group demands, to forget our selfish motives, and to keep sight of the entire picture and the interests of society as a whole."

#### Lack of Credibility

Taking the floor immediately after this was the parliamentary representative of the official opposition, I. Alevras, who first noted that the budget had been passed out only yesterday evening, that there had not even been enough time to skim through it, and that generally speaking the amount of time left until the debate on it in the parliamentary committee and in the plenum of the Chamber was so limited that it was virtually impossible to have time to study its 2,000 pages.



Alevras: The minister has tried to find an alibi for the country's present economic situation. It attributed our problems to the energy crisis, to the epicureanism of the people, to externally generated inflationary factors, but it has not been seen attributing any responsibility to the sort of economic policy followed by the administration.

Up to April 1978, the present minister of finance was the most persistent critic of the administration's economic policy. The fact is that the minister of finance does not command credibility, and when one who charts the economic policy of the government does not command credibility, it means that he also does not inspire confidence among the Greek people. And with a lack of confidence, the economic policy cannot show good results.

This parliamentary representative of PASOK stressed that the government is continuing to implement a one-sided policy, in which the favored classes enjoy a rise in income, and he continued:

Alevras: The economic policy of the administration is a failure. We attribute the present dangerous development of economic affairs basically to the non-existence of any planning of economic policy on the part of the administration. We attribute it to the spasmodic measures which the administration takes every so often, because it lacks a program, it lacks a clear direction. We believe that by such an elevation of inflation as we have, with such a contraction of the income of the working classes, we are being brought to a real impasse. But we believe that the impasses which now exist will be gotten out of by the Greek people, and very soon, I hope.

#### I. Zigdis

Next to take the floor was the leader of EDIK, I. Zigdis, who after criticizing the way in which the budget was submitted, then pointed out that "this budget has turned out to be such that it constitutes a distorting mirror of both public-finance and economic policy."

Zigdis: In December of last year, I stressed in the debate on the budget that we were on the eve of a cost-of-living explosion. And these two ministers came along and said that the expectations were that in 1979 inflation would fall below the levels of 1978. Not only did we not get down to the 10-percent figure for the cost of living in 1979, we even reached 15 percent. And there is also another fact which shows that the government is completely ignorant of both domestic and foreign developments. There was a debate here on fuels. EDIK sounded the alarm. And the minister of coordination came along and blissfully said that we would abandon lignites and would go to petroleum, because "oil is cheap and abundant." Almost immediately, this forecast became ridiculous, and we ended up with the foreign-exchange block-letting of

1979 with respect to fuel, which had nothing to do with the fuel increases noted abroad.

In continuation, Mr Zigdis said that "we are moving toward dramatic developments," and that the measures for imports are inconsistent, and he added:

Zigdis: How should you proceed at long last? You should move toward devaluation. You cannot do anything else. Make the decision now, before you bring distress to the people and destroy everything. And resolve to perceive where you are. Reject the policy which you have followed up to now. We cannot increase our public debt from 114 billion in 1974 to 419 billion today and not have the inflation which we have. We cannot increase the circulation of paper money from 80 billion in 1974 to 159 billion today without these consequences. Your ministers are misleading you, Mr Premier, when they tell you that you can pursue a public-finance policy on the basis of such principles.

And at this point, addressing himself to Mr Karamanlis, Mr Zigdis attacked Kanellopoulos and Mitsotakis, saying that the administration does not have credibility with the people because it chose as its spokesmen "two people who are the very model of opportunism, the model of amorality in the political world.

"I call on you to rid yourself of these ministers, who are apostates, who were elected on another ticket, and who have become odalisques in your harem. With morals such as these, you cannot govern a people."

Immediately following this, Deputy Premier K. Papakonstandinou intervened, saying that the rules of the Chamber of Deputies were being violated since the debate was essentially on the budget, and he added that "a party leader who is aware of his standing in parliamentary activities cannot allow himself to direct such personal charges against any member of parliament, and much less against ministers."

I. Iliou

It was the turn of the president of the EDA, I. Iliou: "Some fine words were spoken by the minister: Acceptance by all of society of responsibilities, self-restraint in the demands of the working classes, charges that the opposition is urging on more demands. All this is fine talk, but it comes down to burdens for the people and a shifting of responsibilities by the administration."

N. Kaloudis (KKE): From one glance at the magnitudes which the minister of finance mentioned today with respect to the income and social policy and the tax and investment policy which is being introduced by the budget, we can say with conviction that this year's budget as well can be characterized as opposed to the people, counter-developmental, and pro-monopolistic.

I. Pesmazoglou

Next, the president of KODISO [Party of Democratic Socialism], I. Pesmazoglou, also denounced the government for the very narrow time limits which it is allowing for debate on the budget, considering that fundamental public-finance data are still obscure.

Pesmazoglou: The budget lacks earnestness. Furthermore, despite the presumption-of-wealth provisions which have been implemented already, tax evasion is increasing. There has been, of course, an increase in the declared income, but about 60 percent of this increase comes from those who are paid salaries and wages.

And Pesmazoglou continued: "I want to add that the administration's assessments of developments, its forecasts, and its proclamations have been refuted.

"The elevation of inflation is not due to the causes which the administration invokes, and the asserting of such allegations invites error. In our opinion, the economic policy of the government has neither a definite direction, nor any consistency."

And the debate closed with L. Kyrkos of the KKE-Interior, who stressed that he believes we are headed toward a very acute crisis, adding that:

L. Kyrkos: The minister called for a dialog. But what he seeks is a variation of the monolog which the government continuously resorts to as a method. He also called for the accepting by society of responsibilities. But we would say that an involvement of society in the policy which is pursued ought to come first.

12114

CSO: 4908

## OPINION ON SHORTCOMINGS OF COSSIGA GOVERNMENT, DC

Rome IL MESSAGGERO in Italian 6 Dec 79 p 2

[Article by Franco Bassanini: "The DC and the Government"]

[Text] Some people have likened it to a target in a shooting gallery caught in a withering crossfire at a few lire a shot. The Cossiga government has indeed endured a series of impressive misfortunes in recent days. There have been the unsettling problem of air traffic controllers, and parliamentary troubles in reforming the Merli law on water pollution. There have been contradictory parliamentary debate on the layoff decree (where the original government text has been defended by the left against the right and the government itself), and the radical restructuring of the law on temporary workers and university personnel. There have been the now almost irremediable delay in passing the tax law (with the failure of the main measures against tax evasion, which were vainly defended by the Socialists and Communists), and the embarrassment at postponing school elections; there have been differences over pension reform, and uncertainty over the public employment law; there have been the unexpected attack from General Corsini on the government's proposals for police reform (an attack the present ministers have not responded to), and nonfeasance by the minister of Government Participation, who has been unable to ascertain the facts quickly in the problem of the ENI shares [National Hydrocarbon Agency], from which the necessary conclusions may be drawn. To wonder about the efficiency, effectiveness, and even the survival of the Cossiga government now amounts, for some people, to beating a dead horse.

In other times, there would have been talk of dissolution or a falling-off of the parliamentary majority. But the Cossiga government came into being without a majority, and it certainly has not been able to find one along the way. It was formed as a compromise government, and its general, though essential, objectives have been to serve as a transitional government, to deal with immediate problems of the emergency in economic institutions, and to bring to maturity the conditions for a practical solution to the crisis in the governability of the country. This has been hampered by the obvious personal inability of some ministers to meet their governmental responsibilities in a period of serious emergency. Several of the misfortunes previously mentioned have been due, no



doubt, to the ignorance, incompetence, laziness or superficiality of ministers who were originally preselected not on the basis of capacity and competence but for reasons of balance between parties and pressure groups (in the DC [Christian Democratic Party] and the PSDI [Italian Social Democratic Party]): Cossiga has been following, like his predecessors, the Cencelli style manual, the Magna Carta of allocating ministerial jobs. At times of crisis, there is a rise in the price (already high) that the Cencelli manual charges not only the country but also the presidents of the Council; whether out of baseness, calculation, or political weakness, this price is obsequiously paid.

But a government ought not to be a ship of fools. If some "solid" people are lacking, teamwork ought to make up for them. The constitution establishes the principle of collegiality, and it entrusts the president of the Council with the responsibility for the government's general political leadership and with the task of promoting and coordinating the ministers' activities, and maintaining the "unity of administrative and political effort." Cossiga can and ought to make up for the shortcomings of his ministers; he isn't helpless. Yet this government seems to be operating on the basis of a disconcerting lack of collegiality, as though a rag-tag bunch of little boys were playing for a world championship. Giannini's proposals on air traffic controllers is rebuffed by Preti (and then welcomed by Pertini). General Corsini's criticisms indicate differences between ministers Rognoni and Ruffini (whom the general is responsible to). As for the ENI problem, we have heard three different versions from ministers Sarti, Stammati, and Lombardini; none of the three ministers, who have known about this problem for months, has investigated the problems that the Budget Commission (with, however, a little-used form of cross-examination) brought to light in a single session.

But while Cossiga has his responsibilities, the DC has its own. We note in August that a compromise government should have developed a useful function by now and put itself at the service of parliament by promoting the agreement necessary to adopt urgent measures to confront the economic and institutional crisis: the adoption of an associative or consociative methodology, which is the only way for a government without a majority to favor the development and experimentation with new and stabler majorities for the time following the transitional period. But that presupposes a positive, constructive, open attitude toward debate on coalitions, not only on the part of the government but also on the part of the DC.

However, the DC continues to unload on the parliament and country the ambiguities and contradictions of a leading group united only in the desire for Christian Democratic hegemony. Even the differences between ministers are for the most part the reflection of conflicts between groups within the DC. These DC groups represent the government in parliament and often prefer alliances on the right to solutions reached in the context of national solidarity. Any constructive prospects are blocked by the DC's refusal to accept solutions for the future that do not involve an unacceptable break with the left and a return to forms more or less dictated by the center-left. The government thus seems to be paralyzed, marking time interminably. While waiting to start up again, the bicycle (i.e. the economy and institutions) is rusting



and falling apart. There is no talk yet of a government crisis, because there is no alternative to the Cossiga government. But the DC cannot refuse much longer to respond to the proposals from the parties of the left. A government that survives only because alternatives are lacking will certainly not help solve the country's problems.

8782

CSO: 3104

## DISSATISFACTION SPREADING AMONG ARMED FORCES

Rome IL SETTIMANALE in Italian 14 Nov 79 pp 8-10

[ Article by Antonio Tajani ]

[ Text ] "And we're gonna sound our horns!" Radar operators' protest may be only the first of a string of outcries from the military. Discontent is spreading among the armed forces: its targets are the politicians and the top brass. Here is why.

On Sunday 4 November, the Armed Forces' Birthday came, and with it the usual messages from the President of the Republic, from Francesco Cossiga, and from the Defense Minister; reaction from the addressees -- the military -- was one of indifference. "Italy looks to her armed forces with deepest admiration," wrote Sandro Pertini, "because she is certain of your unconditional loyalty to our constitution and to our free democratic institutions." Said Francesco Cossiga: "Once again I extend, in the name of the government and in my own, our deepest gratitude and most fervent thanks for all the armed forces are doing in line with their ancient and glorious traditions, with unswerving dedication and unwavering commitment to the service of the nation and to the protection of its free institutions." Defense Minister Attilio Ruffini said more or less the same thing. It may just have been that, back at the barracks, they were expecting a little bit more, precisely because the climate there is one of dissatisfaction. "We have a situation that could explode at any minute," former MP and now Admiral Gino Birindelli told IL SETTIMANALE. "Things simply cannot go on this way: there is an avalanche of issues demanding resolution." The first of those issues, the air traffic controllers' protest, has already gone public. Top levels in government came up with a solution which satisfies nobody. "For 6 months we have made promises, and we have never kept one of them," points out Air Force Gen Nino Pasti, an independent left-wing senator: "It was a foregone conclusion that the level of discontent would rise." To deal with that discontent, the President himself took a hand. His suggestion did not go down with the top brass: there were those who talked of resigning. "This," muttered one high army official emerging from the meeting with

the defense minister, "is the last straw." To many observers, this gesture of insubordination sets a dangerous precedent. And others may follow this first one. The customs officers (Guardia di Finanza) are in a ferment: some of them have called for demilitarization. The police are still waiting for reforms that never seem to come. The prison guards have been demonstrating in front of the prisons: they want no more part of army ranks and ratings. The new regulations for military discipline have yet to appear. The real issue, though, is this: the military feel that they have been betrayed, sold out, and ignored by the politicians. Says Birindelli: "There's nothing out demagoguery: they haven't a clue to what the military's problems really are, and when a concession or two trickles down, it's nothing but permissiveness." Nino Pasti adds another observation: "Of course the politicians are partly to blame, no matter how you look at it. If something goes wrong, it means that they didn't deal with the problem in time. But the general staffs are also very much at fault: they have never taken even the first step." Cossiga has tried to do something about it. On Monday 29 October, after watching an exercise in Piedmont, he appealed to the troops. He said: "The discipline you are called upon to observe is the standard for adult behavior, for full awareness of the lofty purpose of your service, for deep-rooted respect for the necessity for the armed forces to have true unity, in sentiments and in action." That was a halfway admission of the depth of the discontent that pervades the military.

The issue is very much on the agenda. There was even talk of it at Piuggi, where Fanfani's supporters gathered. One MP, Bruno Stegagnini, came up with a proposal: the DC should set up a special section to deal with the problem. To do otherwise would be to run the risk of confirming the suspicion that the political parties have simply rolled up everything having to do with the armed forces and stuffed it into a pigeonhole. "Besides, you have the iconoclasm of the left," Stegagnini went on. "And the rest will simply fall into line." There are a good many officers and non-coms these days who blame it all on the PCI. They base their complaints on a string of episodes in which the protagonists were communist politicians. The latest example is the demand that the NATO airport at Decimomannu, in Sardinia, be opened to general use.

## Protest

But what motives could be pushing the armed forces back to the very brink of collapse, as was happening in 1977 on the eve of restructuring?

The list is practically endless. Says Gino Birindelli: "Way back when our armed forces became part of NATO, they began to compare themselves with the armies of other countries: the money appropriated for the armed forces in the other NATO countries is four times as much as what Italy spends. In brief, either we are not spending enough money here, or we have too many men. The politicians are out to cut down the mean required cost for efficiency. And this is precisely what underlies the current

unhappiness." The experts' view of the question is simple: we are spending too little on the army, the navy, and the air force. After Belgium and Holland, Italy earmarks the lowest proportion of its budget to the armed forces. Even Portugal, Turkey, and Greece spend more, proportionately, than we do.

"To keep an army in training you need money," says one group of officers. "If you don't have the funds, you're going to have inefficiency."

The left-wing parties are not of that opinion. Nino Pasti speaks for all of them: "It is absolutely untrue that our armed forces are inefficient. Our weapons are in no way inferior to those of the other European nations (apart from Germany). The equipment we are using now is very sophisticated. Right now, for instance, we are updating all our navy ships." The Radicals would go much further, and are calling for further cuts in defense spending.

"What cuts?" demands Birindelli. "With the current budget, we can afford an army of only 180,000 men. We have twice that many." Stegagnini adds: "The armed forces must be efficient. And here in Italy we don't spend enough on training. There is no basis for the protests. The PCI is stirring them up and causing all sorts of problems. NATO is unhappy with us: NATO opinion of us is always -- or almost always -- negative."

### Restructuring

To seek a solution to the problem, the then defense minister, Vito Lattanzio, on 14 January 1977 issued a White Paper advocating the idea of restructuring.

"As early as the beginning of the Seventies, we had recognized the need for more sweeping reform, and we had begun studies on measures that would improve our military organization, while keeping all such measures consonant with the existing laws and regulations," wrote Lattanzio. "This phase produced some valuable preliminary work conducted from a broad interforce perspective, and helpful in putting together the necessary basis for working out broader measures, designed to give the military organization updated credibility at home and abroad, with particular reference to the Atlantic Alliance." And he went on: "Radical restructuring of our armed forces (as a consequence, at the strategic policy level, or re-examination of the hypotheses of conventional warfare) has become mandatory as a result of the combined influence of a complex of political, economic, and operational considerations." And restructuring there has been. The number of major units has been cut by a third (down from 36 to 23 brigades); there are no more regiments, and there are fewer air force flight groups. But did it do any good? In other words, do the armed forces work better now, or don't they? Are they more efficient? The answers are not all positive.



The other news was the law on the principles of military discipline. It has given rise to debate which has often taken on tones of violent controversy. There has been an avalanche of protest. Shortly we should be seeing the new disciplinary regulations and the standards for representative elections. Adm Franco Micali Baratelli, who ran as a Christian Democrat candidate in the last legislative elections, comments on that: "We are confident that the orderly system of representation and several new, accepted, and proper principles of democratization, far from constituting a deadly wedge driven into the living and healthy body of the armed forces, will, on the contrary, enhance the feeling of personalization and responsibility among our citizen-soldiers, who are now ready for it, and will hence improve their performance and thereby the overall effectiveness of the armed forces. We must, however, take care not to distort these new principles."

"Representation should improve the situation," says Mino Pasti. The risk, though, is that it may increase discontent.

#### Not Much Money

Then there is a whole string of regulatory and economic demands. Pasti complains: "The promotion law, for instance. There is too much inequality. It ought to be changed, but nothing has been done. The situation is a horrendous mess: nothing has been done. Now it's hard to straighten it out. Furthermore, for the NCOs, there is too much career discrimination." Low pay is another sore point. An army colonel has this to say: "At least, in the old days, we had certain moral satisfaction. People looked up to us, respected us, liked us. Today, we are practically outcasts. And yet, when they need us, they are always quick to call on us. Messages of thanks and gratitude, or any other kind of talk, just won't do, though. We need concrete, practical action." Not all the accusations are levelled at the politicians. "The military top brass is just as hidebound as the top politicians," Birindelli complains: "The armed forces superior council is always ready to swallow whatever the minister offers it: there's never a one ready to speak out in protest. The generals always nod their heads. Besides, there is no military policy in the supreme defense council, and it does not make clear-cut decisions."

There's a housing shortage, too. This is one of the most keenly and widely felt grievances. A career military man must move eight or ten times in his active service life, and every move means he must scurry around to find housing.

Contributing to the situation, too, is the shortage of would-be soldiers. Of recent years fewer and fewer young men have seen anything attractive in a military career. The situation is improving, though. "We have got through the real pinch," says Stegagnini. "We have enough applications now, and we can carry on an adequate selection program."

Even so, that still leaves the identity crisis. Up until the Sixties there was an ideological identification with NATO: today there are a



lot of military people who simply don't believe in it any more. Some of them view it as an offensive alliance. Says Pasti: "That's just what it is. But nobody says that the Warsaw Pact is aggression-oriented." "Come on, now!" retorts Birindelli. "The truth is something else again. Military people feel that they are lying all the time. You can't sign an international defense agreement with your right hand and then tear it up every day with your left. The decision is up to the politicians."

The problem is still sitting on the cabinet's plate, and the pile of problems is mounting. Just now the issue of firing ranges and military access to land for such purposes is heating up. The latest combat exercise to be challenged was one involving the Julia alpine brigade: the citizens of the Carnia district communes affected by the maneuvers brought suit to have the operations called off. "If they want an army that won't work, let them say so," some officers protested: "if not, then tell them to let us alone to get on with the job."

The solution to this question will be up to the new military leaders who will take office early next year. It's not easy, but the situation may well grow increasingly tense. Further, there are two solutions: either a total demonstration of selflessness on the part of the middle cadres, or a chain reaction of noisy protests (after the pattern of the air traffic controllers) which might prove hard to stop.

"As of now, there can be no more mistakes," Stegagnini concludes. "One more false step would mean a permanent break. Let's be careful."

6182

CSG: 3104

## OPINIONS ON REVISION OF THE CONCORDAT

Rome IL SETTIMANALE in Italian 14 Nov 79 pp 14-16

[Interview with Guido Gonella, Giovanni Spadolini, Pietro Agostino D'Avack and Lelio Lagorio, by Pierfrancesco Frere]

[Text] The Italian delegation announces the semi-conclusion of the negotiations on the new Concordat. The lay parties reply that it is impossible. What is going on? Where do we stand? We asked those questions of Guido Gonella, Giovanni Spadolini, Pietro Agostino D'Avack, and Lelio Lagorio.

There is quarrelling about this, too. Concordat, Act IV. For years now people have been talking about it, but now the arguments are getting fiercer. On Thursday 1 November Guido Gonella, DC senator and leading member of the Italian delegation for negotiations with the Holy See, said: "We have come to a result satisfactory to both parties." His statement met with general suspicion and disbelief: satisfactory? How can that be, if nobody knows anything about it? Why hasn't parliament been kept informed?

The lay parties are making it into a case of lese majeste, in both houses. The Concordat must come through the Italian deputies in parliament, they say. They fear being faced with a fait accompli: a treaty already signed and sealed, wanting only ratification. How could they withhold ratification in such a case? There are no precedents for "great rejections" on the part of the national assembly. This is why Valerio Zanone, Liberal Party secretary, and Giovanni Spadolini, Republican Party secretary, lost no time in reminding Cossiga that his is a government without any stable majority. "If he doesn't watch it, he will precipitate his own crisis," say threatening rumbles from the Socialists.

But is there any justification for an attitude like that? This is a discussion that has been going on for 12 years now, and maybe that really is too long, even for a peace treaty. Let's look at the lesson of religious instruction in the schools: we do live in a Catholic country, but who would notice it? After all, don't we have Mohammedans, Buddhists, and Shintoists in Italy, too? On the basis of this remarkable bit of reasoning, people have been arguing for years over whether perhaps the other religions ought to be taught in the schools along with Catholicism; now the issue is whether those who want to study religion should specifically request it, or (another variant) whether those who do not wish to should specifically ask to be excused (which would be tantamount to saying that the Catholic religion would be merely an elective study). And if somebody should ask to study animism, say, or totem theory -- well, why not accommodate him?

Hair-splitting, of course, and far-fetched, at that. But almost all the negotiations have too often wandered along the hazy and undefinable borders of abstract claims of rights.

Let's get this clear: there are responsibilities on both sides. For example, once the discussion had got started in parliament, why not go on with it there? But no; instead, we got still another occasion for conflict, with sneak plays and boobytraps. Till now, both chambers of the legislature dealt with each of the three earlier drafts; the fourth had been the fruit of fairly exhausting negotiations, mainly because the Vatican had hardened its position on the matter of ecclesiastical agencies (apparently in the scenario of agreement Gonella spoke of, the issue of ecclesiastical agencies has been excised and postponed as matter for subsequent understandings). On matrimonial arrangements, the two sides have come much closer together. But now all of a sudden they decide to go over parliament's head; the idea is to sign the new Concordat directly, perhaps after giving the party leaders in parliament a quick briefing. But if it has always been debated in the chamber, what might it cost to agree to this last, definitive debate? They say: it is standard procedure for an international treaty to be ratified -- only after signature -- by parliament. That may well be so: but if it is, why, until now, has prior debate in parliament always been accepted as the Chamber's right? Is it possible that even the Concordat might become the occasion for a cabinet crisis?

To get some idea of how far the negotiations have progressed, and of the views of the lay and Catholic leaders, we asked four experts to talk to us: Sen Guido Gonella, the Italian plenipotentiary in negotiations with the Holy See; Prof Pietro Agostino D'Avack, jurist and scholar of ecclesiastical law;

Sen Giovanni Spadolini, PRI secretary; and Lelio Lagorio, Socialist MP and head of the PSI's state matters section.

Gonella: A Long, Hard Job

Question: Do you think that the long, hard job of negotiating revision of the Concordat is nearing its end?

Gonella: You are right to call it a long, hard job. The Chamber agenda calling for revision dates back to 1967, and the first study commission was appointed in 1968. So you see there has been nothing hasty about it.

Question: Does the text now under consideration include any changes suggested by political parties in parliament?

Gonella: The consultations requested by the Senate party caucuses offered major points for correction and emendations, which were accepted by both sides.

Question: Has the issue of ecclesiastical agencies been settled yet?

Gonella: On the issue of church agencies, we begin with an emphatic citation of Article 20 of the Constitution, and we contemplate the procedure for bringing the matter into consonance with the Italian legislation now undergoing amendment, particularly insofar as regards the welfare agencies. No special privilege is provided.

Question: On the marriage regulations as set forth in the Concordat: have you got rid of the "late registration" clause? The one that makes it possible, for example, to pay the widow's pension to the first wife, after the husband has married again but failed to register the second marriage at City Hall, thus keeping the second marriage secret from the pastor at the request of the parties concerned?

Gonella: We agreed to accept the parties' proposal to strike the "late registration" clause, with all the consequences you mention.

Question: And will the Appeals Courts retain jurisdiction over rulings on the merits in ecclesiastical annulments, which until now have been automatically approved without inquiry into their consonance with Italian constitutional rights?

Gonella: There is no provision for automatic approval in Appeals Court rulings. The change here is a radical one. We have insured rigorous respect for the provisions of the Constitution.



Question: What innovations are there in the matter of Catholic religious instruction in the public schools?

Gonella: The essential innovation, next to elimination of the "state religion" principle, is the statement of a principle which did not exist in the 1929 Concordat text; it is the statement, also accepted by the Holy See, of the right not to avail oneself of religious instruction, on the basis of the right to freedom of conscience.

Question: Have the exceptional events occurring over the past year had any influence, or could they have any influence on the negotiations, which began under Paul VI's reign and are reaching conclusion under John Paul II?

Gonella: No, they have had no influence. It is a matter of no small significance that the president of the pontifical delegation for the revision negotiations, who had a hand in the process from the beginning, has been appointed to the very high post of Cardinal Secretary of State.

Spadolini: Adelante cum Juicio

On 8 December 1978 the constitutional [party] groups in the Senate, at the conclusion of thorough debate on the assumptions in the Concordat revision, approved an agenda binding the government to "take into maximum consideration (I am quoting verbatim here) the remarks, proposals, and findings emerging from the discussion," and to "keep the heads of the party groups in parliament properly informed and up to date on the negotiations." I was picked to draft the agenda, in which even the Christian Democrats concurred, and I remember that I argued, and won, that explicit reference be made in the text to the still unresolved questions, through this formula: "particularly in relation to certain aspects of the marriage laws, to the definition of the joint commissions for ecclesiastical agencies, [and] to religious instruction in the schools."

I was president of the Republican group until just a few days ago, and I have never been informed of any decisive progress in the negotiations. The so-called "fourth draft" produced by the Italian delegation early in January, but not delivered, marked a backward step from the observations contained in the preceding one. It is common knowledge that in the matter of marriage laws, with substantially equal force assigned to rulings of ecclesiastical courts and foreign rulings, the points of difference are now very few, and patient of settlement.



As for the schools, in my speech to the Senate in December 1978 I said that I believed it necessary to amend the rule contained in Article 9, stipulating that [religious] instruction would be completely optional, and removing any reference to request or exemption procedures.

Once again I recommend the greatest caution and prudence on this very delicate matter: I said as much to DC Secretary Zaccagnini at the 25 October meeting devoted to constitutional matters, mindful, even in this crucial sector of our civil life, of the lesson of Aldo Moro, who in the days of the two-party cabinet deemed it "a matter of duty and urgency, even in matters pertaining to revision of the Concordat, to have laic Republicans beside the democratic Catholics of the DC, as a source of balance and security for the nation."

It was I who first coined the expression "a broader Tiber," which caught on so widely in the press over the past few years. Subsequent to the meeting between President Pertini and the Pope, there were those who speculated that I might have changed my views, and that now I thought the banks of our historic river should be brought closer together. No: that very meeting, informal and most exceptional, between the head of state and the head of the Church, confirmed the breeching of all the traditional barriers, and made clear the prospect for coexistence for the two powers with full mutual respect for one another's liberties, without subordination and without ambiguity. I do not find that any urging has come from the Quirinale, on that or any other occasion, to hurry things along, to wind up the negotiations speedily. The proper and mandatory reserve of the President of the Republic is the clearest possible evidence that we are at a point in time that could hardly be less suitable for haste, particularly when delicate matters of conscience are at stake.

D'Avack: Four Principles

Question: Professor, in your view what should the function of this new Concordat be?

D'Avack: The proper function of the new Concordat should, in my view, be based on four fundamental principles: pluralism and equality for belief and religious observance for all religious faiths vis-a-vis the state; an attitude of agnosticism and laicism on the part of the state in religious matters, unconditional respect for and protection of the individual and collective principles of religious freedom, and the participation in and contribution of religious and confessional values and attitudes to the pursuit of social goals.

Question: What do you think of the fourth draft?

D'Avack: It is impossible to form an opinion of the fourth draft until we know the modifications they say have been made in it over these past few days. Prior to such modifications, it was unquestionably more favorable to the Church than were the earlier drafts, at least insofar as concerns the text of several articles, such as Article 7 on the [ecclesiastical] agencies, Article 8 on the Church's jurisdiction over matrimonial matters, and Article 9 on religious instruction.

Question: The compromise on ecclesiastical agencies, though: is it or is it not more favorable to the Church?

D'Avack: As for the ecclesiastical agencies in particular the guidelines as of now look far more favorable to the Church than those for the Lateran Concordat itself, and for two reasons. According to Article 29 of the original Concordat, for one, only agencies which were pontifical foundations, and no others, were eligible for recognition under the civil statutes, and anyway recognition even of those was left to the discretion of the state, which was free to grant or to withhold it. Today, though, under Article 7, paragraph 2 of the draft all agencies without exception are eligible for civil status, even though their purposes may not be solely religious or worship-oriented, and the state must grant them recognition upon simple request from the ecclesiastical authority.

Question: There is a hot debate over whether or not Parliament must approve the Concordat text in advance. What is your feeling on that?

D'Avack: The traditional procedure used for all international treaties and even for Concordats, per se, has always been for the signature to come first, as a purely governmental act, to be followed by ratification by act of Parliament. However, whereas in the past it was permissible to debate and even to reject individual clauses in successive drafts, now once the government has signed it Parliament will be asked to accept or reject the entire agreement as a whole, without any opportunity to insert or amend individual clauses.

Lagorio: No Compromise

Question: Mr Lagorio, has an agreement really been reached? Do you know anything about it?

Lagorio: Nothing. They have not informed us. All we have is that statement from Guido Gonella. There may have been complete agreement had there been a vertical backing down by the Vatican

on a number of issues, but I hardly think that is very likely to have happened....

Question: What issues?

Lagorio: Religious instruction in the schools, the status of ecclesiastical agencies, and the marriage laws.

Question: What does the Holy See ask for?

Lagorio: Taking them in order: in the Vatican's view, anyone who does not want to study religion must ask to be excused (in our view religion should be made an elective subject); as for ecclesiastical assets the Church's request is that all operations certified by the Vatican as non-profit be exempt from taxes, on the lines of American foundations, if you will; and then there is marriage: we propose that the Church behave as it does in all other states (such as France) where there is no Concordat regime, and that therefore the rulings of ecclesiastical tribunals, if they are to run in Italy, require a ruling from the Italian courts; the Church will not accept this point of view because it argues that its law is different and superior at the state level.

Question: Couldn't an agreement be reached, though, by going over Parliament's head, so to speak?

Lagorio: I really don't think so. We are not in an Article 7 climate, and the Vatican knows that the lay parties and the PSI have serious doubts already on the fourth draft of the Concordat (as a step back from the third). A compromise unfavorable to the Italian state would never pass both chambers.

Question: What do you think should be the function of the Concordat?

Lagorio: We say that the Concordat, in a democratic system, ought not even to exist. The Church should be making its Concordats with the authoritarian states, the ones that do not guarantee freedom of expression.

Question: But the situation in Italy is unique...

Lagorio: Quite so. And indeed we admit that, since Rome is the seat of Catholic Christendom, it is proper that particular attention be paid it by the Italian state.

Question: Do you think the draft of the new Concordat ought to be submitted to Parliament for approval prior to signing it?

Lagorio: Why, certainly. We've debated it three times before, why not now? There must be some briefing for both chambers. This is an issue that calls for close attention and prudence. We reminded Cossiga that his is a government without a majority and that he would do better to move cautiously. Otherwise, if he were to sign it first, we might very well see, for the first time in Italian history, a treaty going unratified by Parliament.

6182

CS0: 3104

## ROTTERDAM PORT STRIKE DEALS BLOW TO GOVERNMENT'S PROGRAM

Amsterdam POLITIEK EN CULTUUR in Dutch No 9, Nov 79 pp 381-391

[Article by Siep Geugjes: "Actions at the Port Administer Heavy Blow to Blueprint Policy"]

[Text] No socio-economic program of the government and the employers has been so challenged in recent years as the Specification '81 is now, and seldom is a protest been accompanied by such fierce action as was the case in late summer and fall of this year.

Leading in this regard were the workers of the Rotterdam docks and tugboats.

But the action was not limited to this. The agitation manifested itself over a wide front. There were strikes for higher wages in the Groningen carton plant. The chemical industry was affected by the struggle for the 5 shift system and the 35 hour work week. New actions took place in education, in ship building, in various construction operations, in the blast furnaces.

All of this was and is accompanied by discussions in the companies and especially within the unions, which have acquired the characteristic of a challenge to the line being followed by the leaders of the FNV [Netherlands Trade Unions Federation]: the Den Uyl line which involves the subordination of the unions to a policy of moderation and retrenchments based on the model of the Specification '81 or variants thereof.

One members meeting after another, and sometimes even governing bodies, declared that a CAO [Collective Labor Agreement] policy proceeding from the zero line was impossible, as was evidenced by the service unions, the food processors union and the federal council of the ABVA [General Federation of Workers].

The only ones who fully continued to defend the zero line were the leaders of the NVV [Netherlands Federation of Trade Unions] Industrial Union, but even there one branch after another is rebelling.



During parliamentary debate on the budget memorandum presented by the Van Agt administration, the following complaint was heard from the side of the PvdA [Labor Party]: "The social climate has worsened significantly." In reality, of course, the opposite is true. The climate has cleared up. A climate has been created which encourages people no longer to wait, but to break with submissiveness to a policy of acquiescence and deadlock, in order to act themselves and to take action.

A climate has developed which helps the people actually to become aware of the class character of moderation.

#### Plan Disrupted

The effect of the actions was immediately visible.

Nobody outside the parliament could escape the realization that the port strikes and the movements elsewhere were having far-reaching consequences on the Blueprint for '81 policy of the government and the employers and on the position of the union leaders in this regard.

No longer can anyone avoid recognizing that the actions put heavy pressure on the government and the employers and seriously upset the calculations of those who speculated on being able to pursue the policy of wage freezing and infringement on purchasing power.

Even aside from the material results which may have been produced during the actions, the whole thing makes it possible to speak of an impressive political result.

This becomes even more significant in the light of the moment at which this occurred.

In Van Agt and Van Veen's design, September was supposed to be the month in which a kind of "social contract" was to be achieved between the government, the employers and the FNV leadership, aimed at the continuation of the same zero line and retrenchment policy that was followed during the first year of the Specification '81, and preferably even with an added measure. The plans included a further undermining of price compensation, the introduction of the minus line for large groups of CAO incomes and a sharpened attack on unemployment benefits. If such a contract were impossible, they were at least counting on the unions taking an equally servile position via a "coordinated labor conditions policy" as had been the case for this year.

This plan was thoroughly disrupted. The great significance of the movement which took place during the last months lies in the fact that in a number of industrial branches, this design was already broken during this year, 1979, the first year of the Specification '81.

Let alone what lies in store for 1980.

The actions and protests against the destructive plans of the government and the employers and the reflection of this in the formation of judgements in the unions and within wide groups of the population put the axe to the tree of the Specification '81 policy. Here and there it has also been acknowledged in so many words: this policy is bankrupt.

## Two Pillars

All of this underlines the great importance of our party's policy.

From the very beginning -- at first as the only ones -- we have fought the policy of moderation and retrenchment and have opposed to it our conception of crisis control. With as points of orientation, not profits and armaments as is the case for the Specification '81, but the demands and wishes of the workers. And, at the same time -- together with others -- we have developed initiatives to achieve united action in this respect.

The movement against the Specification '81 is the result thereof. This movement is based on two pillars:

- the action by industry, by industrial branch or by social sector for their own forms of action and their own forms of leadership for struggle
- the guaranteeing of mutual solidarity, as a first step toward the combining of forces against the Specification '81, and especially also to find ways to another policy.

What we have experienced through all kinds of actions -- a protest against the destructive policy of the government, which included the whole country, a mass movement which has already compelled the acknowledgement that the moderation policy is under heavy pressure -- would have been unthinkable without such an orientation of our party to develop initiative, such as the movement against the Specification '81.

The most important thing for us to do now is to participate in the further growth of the anti-Specification '81 movement, with foremost the continuation on a wider front of particular demand actions and of looking for ways to make the results more permanent. First of all in terms of the concrete gains themselves -- this is of the very greatest importance -- but also in the sense of achieving political results, to begin with what presents itself first, the formulation -- based on action -- of an alternative to the Specification '81.

The action has already led to a widespread recognition of the need for such an alternative. If ever there was one, then this is the moment to grab the initiative -- together with others -- to produce such an alternative.

Building on the massive anti-Specification '81 demonstration on the Dam, on 23 June, the Great Social Forum of 29 September in the Hague made a substantial contribution to this.

This Forum proved to be eminently suited as a platform for the exchange of ideas on a new policy. Because the Great Social Forum had brought together the representatives of all those who are in action against the Specification '81: the communists, the socialists, others who have already achieved substantial results together and who together represent that force which has it in itself to clear the way for another socio-economic policy. In our opinion, this Forum has taken an important step in the development of a dialogue about a progressive alternative and of a deployment of forces to realize that alternative.

### Achilles Heel

Foremost in all of this there remains the continuation of the actions themselves and the development of a new struggle.

That is the basis for the movement against the Specification '81; therein lies the Achilles heel of the large employers and of Van Agt, and of those forces within the PvdA who would make common cause with them.

We would like to make a few marginal notes on a number of these actions, specifically the action in the port of Rotterdam and the tugboats.

The facts are known. A magnificent struggle took place in the port of Rotterdam and on the tugboats, determined, militant and at a high level.

This produced substantial results in CAO terms. People wondered what else lay in store in various companies and that is not a trifling matter. The union funds were finally opened up.

Indeed, no trifling material results then! And not in the least: in addition to all this, there was the big political success of the strike: the break through of the moderation policy, which not only benefits the port strikers, but all the workers.

Of course, an attempt was made to make this disappear under a smoke screen of lies and slander, but however much the employers, the government and their stooges shouted, we could rightly say to the whole population: these strikes were necessary, these strikes were just, these strikes have produced big results. For the strikers themselves in the form of better CAOs and in the form of improvements which have already been promised by individual employers on the docks. And for all the workers in the form of the blowing up of the moderation policy.

### Struggle Over Many Months

What precisely has been achieved is brought into clear relief when one realizes how it had to be done. This was not limited to the events of late summer and fall.

The port strike was the temporary high point of an extremely fascinating struggle on the wage front which had been going on for many months.

It started at the end of last year with the launching of the Blueprint for '81 and the actual submission to it by the leadership of the FNV and the Transporation Union.

This met with fierce opposition in the members meetings.

It did not remain limited to protest alone. At the meetings, concrete demands were formulated in terms of wages as well as a shortening of working hours and early retirement.

An extremely important step was the creation of an action committee in the port of Rotterdam, set up by union officials and others from various industries.

This opened the campaign for the demands that had been made. The committee also established the relationship with the movement against the Blueprint for '81 which has developed since then.

In this way it mobilized the union members and other workers for action based on the demands. The fact that the port and tugboat workers could thus control their action committees with spokesmen such as the communists Flip Schults and Cor van der Zanden, was unbelievably important for the whole struggle. To begin with, it prevented the formation of a judgement concerning the new CAOs, which had taken place during the union meeting and in the industries by union negotiators, from being falsified.

This was indeed tried. The C/O package presented by the union negotiators was based on the centrally determined FNV program for 1979, not on the members' statements about it. Based on this, a draft CAO agreement was even concluded.

The action committees scratched this plan.

They noted that the agreement did not in any way correspond to the demands of the workers and that these should not be departed from.

With this position, they put the opinion of the members into words. This was proven by the results -- which were devastating for the union leadership -- of the referendum on the CAO agreement in the port.

In the meantime, the FNV also tried to put this verdict of the members aside. Meanwhile it had become summer. They produced a new package of "demands" which in fact maintained the rejected agreement and started a campaign against the port action committee. The new demands were referred to as "not serious." Wage demands were quite a mistake. The FNV coordinated labor conditions policy indicated what could "maximally be achieved."

The employers joined in by blocking a resumption of the negotiations.



The intervention of the action committee also foiled this plan. It called for militant action. And that is what occurred afterwards. First of all by the tugboat workers, afterwards in the port.

This is how the preparation for the actions took place, not incidentally but as a result of a deliberate action by union people and non-unionists, communists, socialists and others to foster the common demands.

#### Judgements Made at Base

Thus, it was based on judgements made at the base of the unions and in the industries and was mutually defended against any attempt to violate it. In this way -- obvious to anyone -- the harmfulness and undemocratic character of the policy of "coordinated labor conditions" was exposed.

The consistent adherence to that line of unity of action based on the demands formulated by the workers in the unions and in industry, has also strengthened the strikes themselves. This becomes even more evident when one realizes what all was brought to bear against the port workers and the tugboat crews; falsifications and lies in the "media," usually accompanied by the crassest kind of anti-communism; attempts to sow confusion, from the outside and from the inside; a call for strike breaking from the side of the union leaders, the enlistment of the judiciary, and police violence, which in the last stage of the strikes was yet intensified in an unprecedented way.

At the end, this police intervention was no longer prompted by the desire to block results. Because the greatest part of these had already been acquired. It was prompted much more by rage and vindictiveness about those results which at that time already could no longer be pushed back.

In spite of all the attempts to weaken and break them, the strikes became even stronger during the action.

It started immediately.

The tugboat strike was barely 24 hours old when attempts were already being made for a coordinated attack: the tune was set, note well, by an FNV leader. Drabble spoke of a "disaster" in case the demands were to be acceded to. During a press conference, the leaders of the Transportation Unions declared that the demands were unrealistic: there could be no question of support. It accompanied this with a call to return to work, and in the docks themselves there were attempts at public strike breaking by Rotterdam union leaders. This would continue throughout the strike.

The other attack concerned the simultaneous announcement of proceedings being instituted against 16 strikers. All of this definitely put a great deal of pressure on the tugboat strikers, but -- on the initiative of the president of the action leadership Cor van der Zanden -- the decision was made to answer immediately and without any hesitation: the strike was



continued. As for the position of the union leaders, it was noted that it was flatly contrary to the views held by the members and the cadres.

With all this, the attacks on the strike had a boomerang effect, which did not remain limited to the tugboat strikers.

With a few days of disturbances and short actions on the docks, following the court proceedings one company after another went on strike. Solidarity with the tugboat strikers was an important element in this respect, but it was not the only one.

The most important elements were the demands of the port workers, which had been formulated months before during a meeting and which had been put into words by the action committee. It was primarily because of that, that they joined in the struggle.

#### Quick Solution Blocked

As was mentioned earlier, the strike produced a great number of results, political as well as material ones, even if it will require more energy to rake in everything that was in it. A solution might have been possible at an early stage -- and then in full association, completely responsive to the strikers' demands -- if a kind of collaboration had not begun to take shape between a few leaders of the Transportation Union and the SVZ [expansion unknown] leadership.

Because, what was the situation at the end of the first week of the tugboat and port strike? The strike had become consolidated, a strong unity had developed inwards and outwards.

On this basis, the action leadership started to develop initiatives in order to reach a solution. Communists led the way in this.

This immediately produced two results. The proceedings, which in the meantime had been instituted against all the tugboat strikers, were withdrawn. Furthermore, a formula was developed for reopening the CAO negotiations, which had been stagnating all this time. Action would be taken to restructure wages.

Discussions between representatives of the action leadership and of the FNV leadership determined that this would yield 30 guilders, that is to say the realization of the stated wage demand.

Everything was ready for further steps in conformity with this, when suddenly it was learned that a kind of agreement had been reached between the SVZ leaders and the leaders of the Transportation Unions - FNV, in which there was no question of restructuring. There was an agreement for a stronger wage increase than had been foreseen in the original CAO agreement, namely 28.50 guilders per week, but this was less than had been demanded and the effective date would not be 1 January -- which would have been most obvious for this CAO -- but 1 July.

All of this represented a break away from what had been agreed on and was therefore rejected by the strikers. This point of view was supported by the Central Industry Group Administration Docks, that is to say by the representatives of the dock workers within the union leadership. They also rejected the negotiation result and formulated the demand that the 28.50 guilders were to go into effect on 1 January 1979.

The leaders of the Transportation Unions ignored all of this. It seemed as if they had committed themselves to the leaders of the SVZ, to the agreement that there would be no more negotiations with regard to the agreement, no matter what the "rank and file" thought about it. The strike continued, and at the initiative of the action leaders a new round of attempts to reach a solution was started. In this regard, the point of departure which presented itself was the demand of the Central Industry Group Administration as well as a demand for compensation of strike days.

This initiative seemed to be producing results. The members of the Central Insutry Group Administration, who had resigned in the meantime, seemed to win support for their position up to the leaders of the FNV. Discussions took place at various levels, whereby the action leaders were also involved. But there was a repetition of what happened before. Union President Schroër informed the Central Industry Group Administration that he had nothing to do with what had been discussed earlier. With this, a solution of the conflict was once again blocked as a result of what can hardly be called anything but a crisis within the FNV leadership.

With all this distasteful pursuit of prestige which was thus laid bare, the actual result, of course, was that the strikers could rely on more and more support, even up to the top of the FNV. It was not the strikers, but Pieters of the SVZ and Schroër of the Transportation Unions, who found themselves increasingly isolated. As the struggle continued, a few interesting developments were added to this.

First of all: a number of employers wanted to pay what was demanded. This was made known to the action leaders. Secondly: the unions announced the payment of an allowance of 550 guilders. It is true that the latter was accompanied by a petty and cowardly attempt to use the allowance as propaganda against the strike, because one could get the money only if one declared oneself "willing to work," but it did not alter the fact that what was actually at stake here was the opening of the funds for all striking union members.

These developments, together with what they had already had to promise, laid the foundation for the decision to end the strike and to return to work as unanimously as they had come out and to continue the struggle within the companies in order to get that which still remained to emerge.

## Source of Lessons, Experiences

The strikes in Rotterdam were part of a struggle, the significance of which is hard to overestimate. First of all from the point of view of the results achieved, which as we said earlier not only affected the port workers but the whole workers movement. The moderation policy, which is the core of the Specification '81, suffered a severe blow.

But the strikes were also unbelievably significant as a source of lessons and experiences in the area of socio-economic struggle: they emphasized the basic importance of having an action committee which ensures unity among union members and non-unionists and among workers of diverging convictions and inclinations. And which also ensures their grip on the course of events during the struggle.

Thus it was possible to stick to the opinions of the union member meetings and of the workers in the companies and stick to the race for concessions and even to resist direct strike breaking by some union leaders. The dock strike also confirmed the great importance of activity by the communists and their party in the center of the action for the interests of the workers. A great deal of advantage could be derived in many respects from the strike on the docks and among the tugboat workers, by the people who develop the action in other branches and sectors of industry.

This struggle was already ignited here and there, as for example in the carton and chemical industries. It was a question here of demands, but just as on the docks what was at stake was the CAO for this year.

This confirms once again that in terms of agitation in the socio-economic area there is no question of incidents. What is at stake is the whole wage and labor conditions policy. The action is taken against the attempt to put the CAO into the straight-jacket of moderation and actual wage freezing.

This was proven in the carton industry, where a strike led to strong wage increases and where the struggle for the maintenance of jobs is clearly on the agenda.

The stake was no less in the chemical industry, specifically when the FNV Industrial Union finally called a strike at Shell in favor of a 35 hour work week and the 5 shift system.

It is useful to recall how the demands finally were incorporated in the CAO package -- against the fierce opposition of the union leadership.

A few years ago, action in favor of the five shift system was still considered to be a reason for the expulsion of then union council member Sien van der Helm of the NVV Industrial Union.

Half a year ago, Groenevelt consigned the demand for a shortening of the work week to 35 hours to the wastebasket claiming "too little support from the members and from the politicians." Consequently, it is of great importance that the workers at Shell -- with its gigantic profits -- joined the struggle for these demands.

Indeed, the fact that leaders of the FNV Industrial Union went to their knees with the first strong head-wind and called off the strike, does not mean that those demands have also been disposed of.

This will yet become clear to the chemical industry bosses.

Meanwhile, the scandalous actions of the Shell management have made perfectly clear, on the one hand, that the large corporations are willing to resort to unacceptable repressive measures (as had already been attempted in a crasser manner on the docks) and, on the other hand, that a bureaucratic approach to the social struggle is insufficient to successfully resist these methods, that unity among non-unionists and union members is a condition, that action management which involves all the workers in the struggle is indispensable, that the divide and conquer tactics must be answered with the formation of unity. If all of this does not occur, then the unions also suffer damage.

Meanwhile, as we noted earlier, matters will not end with these actions. We must orient ourselves toward a growing movement in various industries and in many sectors.

The events of the past period and everything that happened before confirm that the time is ripe for it. People are willing to shift from protest to direct action.

The anti-Blueprint movement outlines the fact that the primary conditions for a shift to direct action are ripening. In numerous industries, people are formulating their concrete demands and action committees or alternative forms of cooperation to lead the action are coming into being.

Simultaneously, there is evidence of a growing powerlessness among the opponents of the action to call a halt to this movement.

The employers have to admit that their front is faltering: on the docks, in the meat products industry, in the blast furnaces, in the construction industry. Van Veen is carrying on a re'ign of terror but he cannot fill the cracks.

The government is at the mercy of contradictions.

Even those who want to subordinate the unions to the moderation policy are losing ground. The coordinated labor conditions policy proved to be untenable.



At the beginning, the FNV tried to avert it with the formula: let the members say it first and then we will follow. But the discussions within the unions concerning the labor conditions policy are taking on the character of a true rebellion against further submission to moderation.

Even at the congress of the FNV, the management side recognized that the policy of moderation was under pressure. There is no escaping the wage demands.

All of this emphasizes that the dock and tugboat workers strike has led to a break-through in attitudes which had been rigid for a long time. Now it is important to consolidate the results and to develop the struggle further -- strengthened by all that was achieved -- over a wide front.

8463

CSO: 3105



## COUNTRY SECTION

## SOVIET SHIPS TO MAKE PORT CALLS IN LAS PALMAS

Madrid YA in Spanish 8 Dec 79 p 15

[Article by Jose Vera Suarez: "Numerous Soviet Tourist Vessels To Call at Las Palmas"]

[Text] Along with the numerous stops made by Soviet fishing vessels at the port of Las Palmas, which is their base of operations for the African zone, and the stops made by Russian research vessels, there will now be calls by the transatlantic Soviet tourist fleet, beginning next year.

According to information provided us by agents of Soviet shipping companies on this island, a total of 22 tourist calls are planned for Soviet ships at the port of La Luz during 1980.

In January, for example, the "Alexander Pushkin," the "Gruziya," the "Mikhail Lermontov," the "Mikhail Kalini," and again the "Gruziya" are expected to call on 11 January and 25 January.

Departures of these Soviet ships on tourist voyages are planned from Rotterdam, London and other ports of Europe, the destination being always the route of Guadeloupe and other Caribbean islands, with a significant number of tourists on board, persons who are already accustomed to the traditional stop at Las Palmas and the tour of the island.

The energy crisis is making voyages by ship more popular. Obviously these are high class tours, which not everyone will be able to afford.

11,989

CSO: 3110

EFFORT TO INCREASE TRADE WITH CUBA, FIGURES GIVEN

Madrid EL PAIS in Spanish 7 Dec 79 p 51

[Text] Trade this year between Cuba and Spain will reach a volume of over \$250 million (16.250 billion pesetas), according to a report to Efe from sources close to the binational committee which is presently meeting in Havana.

Talks are going on between representatives of the two nations toward broadening and stepping up this interchange through the protocol which the trade contract will include to cover the year 1980.

Areas slated for growth of economic cooperation are specifically tourist visits to Cuba and purchase of Spanish industrial products by Cuba.

In this respect it has been learned that recently the Spanish firm Talleres de Pinto, S.A. won an important contract for supplying heavy hauling equipment to the new Cuban port of Nuevitass.

As of August 1979, Cuban agencies had bought from Spanish firms products valued at a total of \$150 million, which makes Spain one of the four largest Cuban suppliers.

Intending to increase the number of Spanish tourists going to Cuba, there is a group of Spanish experts and travel agents now at work, at the same time that high officials of the airlines firm Iberia have arrived here. Starting in January 1980 Iberia's flights will carry tourists from northern Europe via Madrid to Cuba.

It is expected that the committee's discussions will end on 11 December 1979.

Trade between Spain and Cuba has grown markedly in recent years since the initial phase when trade relied entirely on Cuban sugar, which was exchanged basically for Spanish manufactured goods and equipment.

Another traditional Cuban export, tobacco, has also undergone a notable change because of crop losses caused by what is called blue mold. During the past 2 years the Cuban production total has gone down sharply, especially in the

Vuelta Abajo area, one of the zones which grows the most highly prized of Cuban tobaccos.

Since it is impossible for Cuba to provide Spain with the amounts of tobacco sold in previous years, Spanish authorities have negotiated, mainly through Tabacalera, the monopoly firm, sales of Spanish tobacco in exchange for increased shipments to that nation. For example, already this year there have been several shipments to Cuba of Burley tobacco grown in Extremadura. The most recent shipment, about 3,000 tons, arrived in Cuba last week. This type of trade could grow in coming years because of the negotiations now going on between the two nations.

11,989

CSO: 3110

## NATURAL GAS DEPOSIT DISCOVERED

Madrid YA in Spanish 12 Dec 79 p 3

[Text] The Energy Department has confirmed that a new gas deposit 6 kilometers from Sabinanigo (Huesca) has been located and is now producing 1 million cubic meters per day, the equivalent of about 350,000 tons of petroleum annually.

The exploration was carried out by Sonpetrol under contract with ENIEPSA. The gas is located between 1,600 and 2,000 meters below the surface.

Sources in the Industry and Energy Ministry indicated to YA that this find is an important sign of the possibilities of the Sabinanigo gas field, but more studies are needed for confirmation. These studies will be made immediately now that there are prospects for success.

Analyzing the meaning of the one well which is producing, we see that the equivalent 350,000 tons of oil annually which it represents constitute about 1 percent of oil imports which Spain plans to make in 1980. So it is not an important contribution, although it must be evaluated in the context of possible new discoveries in the area.

The discovery of the well almost caused a catastrophe because the gas was under extremely high pressure. The eruption was controlled immediately through security measures necessary to avoid explosion or fire. The initial problem was solved by installation of a safety valve, which also made it possible to begin production testing at the site.

News of the discovery came at the same time the United Arab Emirates were announcing they will raise the price of their liquefied gas by 69.5 percent beginning 1 January 1980.

11,989  
CSO: 3110

## SPANISH AIRLINES TO PURCHASE ADDITIONAL AIRCRAFT

Madrid ACTUALIDAD ECONOMICA in Spanish 24-30 Nov 79 pp 77, 79, 80, 83, 85

[Article by Juan Astorqui and Jesus Martinez Vazquez: "Ten Year Strategic Plan: IBERIA [Iberia Air Lines] and AVIACO [Aviation and Trade Corporation] Take Off"]

[Text] The future of the national airlines has been decided in the strategic plan the INI [National Institute of Industry] proposes to apply to them between 1980 and 1990. About a billion pesetas in investments and the laying out of operational areas for the three companies in the different markets are the instruments that will be brought into play so that IBERIA can triple its current volume and AVIACO can attain the position IBERIA today occupies. But the first objective is obvious: to get rid of the IBERIA and AVIACO deficits of 2.5 billion and 200 million, respectively, which they will have at the end of 1979.

IBERIA, AVIACO and Transeuropa are about to finalize the formulation of a 10-year program for the reordering of Spanish air transport, a program whose basic objectives are to define and delimit the functions of each of the companies, its operational areas and modes of financing. Enrique de Guzman, president of IBERIA, confirmed to ACTUALIDAD ECONOMICA that "the final goal of the strategic program is to put the three companies in a position to expect a growing demand, increase their ability to compete in international markets and improve their profit margins."

The long-term strategic plan designed for the national airlines implies overall investments on the order of \$18 million and, from the standpoint of time, it will be divided into three well-defined phases:

The first, the take-off, which will last until 1983, will be funded by an initial investment budget estimated at over 150 billion pesetas.

The second, the development phase, will cover the period from 1983 to 1987 and will be of great importance in consolidating and carrying out the plan.

The third and last, between 1987 and 1990, could be termed the phase of establishment of initial results.



Execution of the program, which is to be directly supervised by INI president Jose Miguel de la Rica, falls within the framework of a more extensive and ambitious project of reorganization of all transport companies under the control of the institute and, ultimately, of all companies in the sector that are in the hands of the state.

#### New "Roles"

The big hikes in the cost of fuel, the price war brought on by disintegration of the IATA pricing system and the effect of the economic crisis on the pocketbooks of consumers in the areas in which Spanish airlines operate are three major problems that IBERIA, AVIACO and Transeuropa will have to face during the next 10 years. When to this we add an inefficient system of financing and the lack in the past of any long-term planning, the conclusion is simple: Carrying out the directives of the strategic plan means an unprecedented effort on the part of the Spanish state airlines.

"The fundamental problem lies in determining which share of the air-transport market should be granted to which company," AVIACO president Felipe Cons Gorostola pointed out to an ACTUALIDAD ECONOMICA editor. On this basis, the long-term reorganization program includes the following objectives to be achieved:

Standardization of the fleets of the three companies.

Focusing of IBERIA operations on the exploitation of scheduled international routes, on trunk routes between Spain's intercontinental airports and on national routes with a greater volume of traffic.

Exploitation of AVIACO's maximum operation potential by increasing its present participation in scheduled domestic traffic and complementing IBERIA's domestic network so as to achieve optimal use of the company's resources. In the domain of nonscheduled flights, an attempt will be made to increase its European and intercontinental participation by continuing with its share of domestic charters.

Reservation of "third-echelon" routes — regional or interregional — for Transeuropa, subject to a prior profitability study, without at the same time neglecting its current participation as a nonscheduled airline.

Promotion of cargo traffic such that the air cargo of all INI companies will be handled by IBERIA. This would not prevent them from using planes belonging to other companies in that group, depending on company expediency. According to estimates, by 1990 income from air cargo will represent 20 percent of the income derived from passenger traffic.

#### IBERIA, Massive Outlay

IBERIA will wind up fiscal year 1979 with its all-time record deficit: over 2.5 billion pesetas which, in the opinion of company president Enrique

de Guzman, "could be neutralized in the coming fiscal year if the measures provided in the long-term operations strategic plan are set in motion."

There are several obvious reasons for the IBERIA deficit: the freezing of rates, an increase in the price of kerosene, a rise in the value of the peseta and a decline in the demand.

The freezing of rates in 1979 prevented IBERIA from being able to meet the real cost of domestic flights. Government transport authorities had foreseen an overall rise in ticket prices for domestic flights of 25 percent during the current year. However, the actual rise amounted to 19.29 percent and, to boot, it went into effect retroactively as of July. Thus its effects were only felt as of September, since the demand for tickets in the summer months is exhausted by July. If we consider the fact that income from domestic traffic accounts for 34 percent of the company's total billing — over 73 billion pesetas in 1978 — it seems clear that 1979 accounts will be more keenly hit by this breakdown in the price schedule.

Then too, kerosene prices are responsible for the deficit. Between June and July of 1979 aviation-fuel prices rose by 58.8 percent, which means that not even the increase in rates served to compensate for the rise. In Enrique de Guzman's opinion, "the administration's promises to the effect that any change in fuel prices would be automatically compensated for by a proportionate rise in rates were not fulfilled." Thus the kerosene bill "fell on the shoulders of the company," in the words of the IBERIA president.

The constant appreciation of the peseta in international markets has also been a determining factor in the accrual of red entries in IBERIA's profit and loss statement. The company had forecast an average exchange rate of 75 pesetas for the dollar in 1979, while the harsh reality was that the exchange parity did not exceed 66 pesetas. If to this we add certain differences of little importance in the calculation of the demand and the \$8 million entailed by the compulsory cessation of DC-10 operations, the picture of the company's deficit is completed.

#### Higher Flights

The IBERIA president has his sights set on the future. Enrique de Guzman has been the chief promoter of the company's long-term planning department which has been in operation since the early 1960's but which IBERIA's dizzying rise in those years of development had forced it to operate under short- and medium-term conditions. But now, this same department has been busy studying the details of a strategic plan that promises to carry IBERIA to the frontier of the 1990's with a volume of operations 2.7 times greater than the present one.

The take-off has already begun and the first stop will be Airport 1983, closer [than the goal], which they will endeavor to reach by means of two

ambitious undertakings: thorough renewal of the fleet and sizable increases in cargo and passenger traffic figures.

Between 1979 and 1983 IBERIA intends to jump from a fleet of 81 planes to a more modern one of 100 machines, which means an approximate expenditure of 140 billion pesetas. The company's major effort will be the purchase of six new Boeing-747 Jumbos with a new, technologically highly advanced motor that will enable the machines to dispose of a greater flight range, faster and with lower fuel consumption. The DC-10 fleet, at present composed of seven planes, will grow to only eight machines by 1983. The Super DC-8-63's will stop flying with IBERIA's colors and will be turned over to AVIACO for its operations.

In terms of number of machines, the most spectacular purchase will enable IBERIA to fly 13 A-300 and A-310 Airbuses, which will be increased to 14 by 1984. The 37 Boeing-727's which the company now has will be joined by five more of the same, while the DC-9's will total 26 by the end of the first phase of the strategic plan. If traffic volume estimates are realized between 1979 and 1983, Enrique de Guzman believes that "IBERIA will need five more planes, each with a capacity of 150 seats," but denies that the model or make to be acquired has been chosen.

The forecasts on cargo and passenger traffic for 1979-1983 have also been made by IBERIA's planning department, which estimates that the 1.3 billion tons/km of passengers transported during the current fiscal year will become 1.9 billion by 1983. As regards cargo, the 400 million tons/km transported in 1979 will increase to 750 million by 1983. In Mr Guzman's words: "If IBERIA realizes these forecasts, it will retain its present position in the worldwide ranking of international airlines, that is, the sixth largest in the world and the second in Europe in terms of number of passengers transported and the thirteenth largest in the world in terms of number of passengers per kilometer and goods cargo figures.

#### AVIACO's Great Leap

By 1990 AVIACO wants to control 20 percent of the nonscheduled traffic between Spain and Europe and 30 percent of the same kind of traffic between Spain and the other continents, according to the objectives set for this company in the joint strategic plan.

These goals mean that by the year 2000 three Spanish airlines: AVIACO, Transeuropa and SPANTAX will alone control about 40 percent of all the charter traffic that leaves from and arrives in Spain. "The role we are going to play in the future is a very important one. Our objective, an ambitious and difficult one, is to take over a large part of the charter market, which at the present time is being run by foreign companies, and to penetrate new markets, hitherto not run by Spanish charter companies." South America and the Arab countries are two of the company's short-term objectives.



These words of AVIACO president Felipe Cons Gorostola make public the role the strategic plan has reserved for the company that until now has been known as the "stepchild" of the Spanish air-transport sector.

As of 1980, AVIACO will modernize its fleet, making use of the Super DC-8-63's currently operated by IBERIA as cargo planes. It is almost certain that the company will use wide-body planes until the first phase of the plan is completed. Felipe Cons has indicated to ACTUALIDAD ECONOMICA that, "if we realize the forecasts now being made, AVIACO will be flying Boeing-747 Jumbos sometime within the 4-year period of 1979-1983."

Although the AVIACO president insisted that "this company will never replace IBERIA on the unprofitable scheduled routes," it is a fact that the administration is at this time forcing the airlines to maintain service on unprofitable routes. Faced with this obligation, both IBERIA and AVIACO are proposing to the Ministries of Transportation and Finance the establishment of a contracts program which, subject to prior application of rates, would enable them to wipe out the 3.5-billion-peseta — 3.3 billion for IBERIA and 250 million for AVIACO — loss the two companies suffered between 1977 and 1978 in providing domestic flights. The annual deficit incurred on the Canary Island runs, 1.6 billion pesetas, leads IBERIA president Enrique de Guzman to note that "this in itself is a reason of sufficient importance for the government to recognize the need for operating them under a contract program."

AVIACO president Felipe Cons has refused to open the company's books — according to information gathered by ACTUALIDAD ECONOMICA, its losses may amount to about 200 million pesetas — merely insisting that "I am satisfied with the collective effort that has been made this year in the face of an adverse situation and some very pessimistic forecasts in terms of profit and loss. I believe that we will end the year with a reasonable statement that reflects the situation." In other circles consulted by this weekly, we were assured that operations involving the sale of assets — AVIACO's future main office to the Bank of Brazil for over 550 million pesetas — could significantly alleviate the expected deficit.

And finally, Felipe Cons feels that the strategic plan "will by 1990 enable AVIACO to be as big as IBERIA is today, which is the same as saying that it would be capable of operating on the scale of any other major European airline."

#### Financing the Program

Total realization of the forecasts contained in the long-term program for IBERIA, AVIACO and Transeuropa means a volume of investment of over a trillion pesetas in the next 10 years — 140 billion in the next 4 years — a figure that at first glance seems excessive but is not unreasonable if we compare it with the 200 billion British Airways will invest in the next 4 years.

In Enrique de Guzman's opinion, "there exists a moderate fear that, with the actual financial means available for use during that period, we will not manage to meet a sizable percentage of the demand. The IBERIA president told an ACTUALIDAD ECONOMICA editor that, "for the financial plan to evolve in a normal way, among other things, we would have to gradually readjust rates, setting up a rate schedule suited to the third echelon, without neglecting a sensible limitation of domestic traffic and planning for all airports."

This last proposal is of great interest. Sources consulted by ACTUALIDAD ECONOMICA said they were certain that, with the agreement of the airlines, the Ministry of Transportation is conducting serious studies on airport profitability — see box, "Too Many Airports" — in order to decide, as necessary, whether to close some of them down. For Enrique de Guzman, who focuses on the problem from the economic and operational point of view, "we cannot retain the 41 presently existing airports. The important thing is to obtain better guidelines for the utilization of routes. Of the country's 105 scheduled routes, 90 percent are underutilized, while the burden of a major part of the domestic traffic falls on 15 of them."

And finally, the presidents of both IBERIA and AVIACO have no doubts when they say that, "although the strategic plan for air transport is an obviously viable one, its effects depend to a great extent on the coordination that exists between the transport policies of each of the branches and, in the final analysis, on the government's general transport policy."

#### Too Many Airports

According to IBERIA president Enrique de Guzman, the necessary reorganization of Spanish air transport, which is beginning with a change of objectives in the Spanish airlines themselves, will bring with it "a sizable limitation in the number of Spanish airports."

To start with, IBERIA and AVIACO will with the Ministry of Transportation jointly study the closing down of a group of airports which, due to geographical location, low volume of traffic or proximity to another, better-equipped airport, are considered to be technically or economically unviable.

Of the 40 airports at present distributed over the map of Spain — there will be 41 when the one at Vitoria goes into operation — it is hoped that by 1983 that number will have been reduced to about 30, of which only 25 will handle scheduled domestic or international flights. The rest will be used for third-echelon — regional — routes, which may be increasing.

The plans for air-transport reorganization also include the promotion of 12 airports to international airport status, which in the case of some of them, like Santiago de Compostela, Vitoria, Barcelona, Madrid, Palma, Malaga and Las Palmas, has been practically decided. Decisions on the rest that make up the dozen will be subject to traffic needs.



Decisions have not yet been made as to which airports will disappear but the presidents of both IBERIA and AVIACO insist that those serving unprofitable routes or whose geographical location or weather conditions make them especially difficult in terms of the normal development of traffic are the chief candidates for being closed down. Vigo, La Coruna, Bilbao, Pamplona, Gerona and Valencia or Alicante are airports whose volume of traffic may be reduced at a primary level.

For AVIACO president Felipe Cons, reorganization of the airport network will bring with it "decentralization of flights and elimination of the overly radial nature of IBERIA's international system with the subsequent decongestion of Madrid Airport, which will be backed up by the creation of intercontinental airports in other parts of Spain."

11,466  
CSO: 311C

END

**END OF**

**FICHE**

**DATE FILMED**

25 Jan 80

DD.